


# Annual Financial Report for the financial year ended 30 June 2017

# Financial Report

## Table of Contents


| | |
|---|---|
| Directors' Report | **3** |
| Corporate Governance Statement | **12** |
| Auditor's Independence Declaration | **13** |
| Consolidated Statement of Comprehensive Income | **14** |
| Consolidated Statement of Financial Position | **15** |
| Consolidated Statement of Changes in Equity | **16** |
| Consolidated Statement of Cash Flows | **17** |
| Notes to the Consolidated Financial Statements | **18** |
| Directors' Declaration | **40** |
| Auditor's Report | **41** |
| ASX Additional Information | **43** |



ABN 84 119 904 880
Address Level 6, 412 Collins Street Melbourne VIC 3000
Telephone +61 2 6076 2336
Email info@dartmining.com.au
Website www.dartmining.com.au

# Directors' Report

The Directors of Dart Mining NL submit their report for the year ended 30 June 2017 and to the date of this report.

## Operating and Financial Review

The year to 30 June 2017 has been a year of progress in several ongoing corporate and operational areas.

Dart's dispute with Aus. Industry moved forward with a substantial reduction in the company's **potential** liability in relation to R&D concessions paid to the company over 2012 and 2013 financial years. The company's disputed amount has reduced to approximately $320 k from circa $2m previously. Dart is in ongoing discussions in relation to this issue.

Dart announced in February its acquisition of 50/50 joint-venture tenements covering Gold and Lithium properties from Northern Mine Ventures. Transfer of these joint-venture leases to Dart's 100% benefit are now subject to Ministerial approval and we hope to finalise this in September or October 2017.

More Lithium prospective ground has been applied for EL006486 (Mt. Creek), in and around our pre-existing leases. Leases EL006277 (Glen Wills) and EL006300 (Eskdale) have now been officially granted. In addition, EL5315 (Mitta) has been renewed for a further period.

The company has pursued exploration and development activities within its three defined strategies – Lithium, Porphyries, Orogenic Gold. As previously communicated, development focus in these areas is pointed towards joint-venture arrangements, with suitable partners, who have technical and financial capacity to progress each strategy. Joint-venture discussions in relation to each of the strategies have been, and continue to be, pursued with vigor.

Exploration work has continued, particularly on the Lithium tenements, with encouraging identification of sizeable pegmatite dykes and the positive identification of Spodumene mineralisation along with good Lithium grades. To date we have only taken random rock-chip samples but we anticipate more definitive and specific sampling over the months ahead. Now that we have the granted EL's 006277, and 006300 we are no longer as constrained in our exploration activities.

The company's administrative cost base has been reduced over the year and we see little room for further productive expenditure cuts.

Commodity tailwinds in Lithium, Copper, and Gold are driven by both demand and supply side factors. This is constructive and adds further credence to the company's valuable portfolio of prospective leases.

The year ahead, we hope, will bring progress at all levels and particularly in the Lithium and Porphyry exploration areas.

The board sincerely thanks Dart's shareholders for their continuing support and encouragement and we trust that we can make a difference to the company's fortunes over the next 12 months.

## Financial overview

*Operating results for the year*

The loss for the consolidated entity after income tax was $715,393 (2016: loss $717,334). This result is consistent with expectations of costs associated with the exploration and development programs budgeted and undertaken that reflect:

- costs associated with managing the exploration program;
- reduced activity on research and development exploration expenditure associated with the Polygonal Vortex Model; and
- corporate overheads associated with statutory and regulatory requirements as a consequence of being listed on the Australian Securities Exchange.

*Review of financial position*

At the end of the financial year, a proportion of the funds raised in prior financial years were held by the Group as cash investments for use in future financial periods. The Group strives to maximise the return on these funds for exploration purposes by investing surplus funds and minimising expenditure on corporate overheads.

*Cash flows*

The cash flows of the Group consist primarily of payments to suppliers and employees used in advancing the Unicorn Project, together with payments both for exploration activities on tenements held by the Group and the maintenance of the corporate head office. Primarily, head office manages existing projects as well as costs involved in investigating new exploration opportunities.

## Capital raising and capital structure

During the year under review, the Group raised $1,008,095 (net of capital raising costs) through the issue of 111,461,335 ordinary shares (2016: 56,765,732 ordinary shares).

## Information on Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

## Names, qualifications, experience and special responsibilities

**James Chirnside** *Chairman / Managing Director*

*Appointed 18 June 2015*

James Chirnside has been involved in financial and commodity markets over a thirty-year period. Before studying at Edith Cowan University in Western Australia James worked for Mt Newman Mining in the Pilbara as a geologist's assistant.

During the early part of his formal career he worked for global commodity trading house Bunge where he traded in a range of food, fiber, steel and metal commodities. James went on to run the overnight commodity-trading desk in Melbourne for Bell Commodities where mining clients would hedge metal production on the London Metal Exchange. James worked for Investment Bank County NatWest in London where during the first gulf war he traded crude oil for the firm. James then moved to Hong Kong with Regent Pacific Group where he was responsible for resources investment across Asia Pacific as well as the firm's proprietary activities in base and precious metals trading.

Since returning to Australia and establishing his own asset management company in 2002, James has been involved in investment across the Asia Pacific region.

In 1994 James' Regent Pacific Hedge fund was ranked 1st in the world by S&P Micropal for Emerging Market Funds.

In 2006 James was awarded 1st place in the Australian Hedge Fund awards for best performing fund.

In 2008 James' fund was ranked 1st place out of 495 funds investing across the Asia Pacific region and returned 30% for investors that year.

**Other current directorships of listed companies**
Mercantile Investments Ltd
WAM Capital Ltd
Cadence Capital Ltd
Ask Funding Ltd

**Former directorships of listed companies in the last three years**
Murchison Metals Ltd

**Luke Robinson** *Non-executive Director*
*Appointed 18 June 2015*

Luke Robinson has worked in Financial Markets for 20 years with a number of stockbroking and advisory firms including Phillip Capital and Citi Group.

Recently he has worked as an executive director of Melanesian Exploration, a privately held company, where he was responsible for researching, identifying and acquiring mainly petroleum assets in Papua New Guinea. Luke was a senior client advisor with Philip Capital where he was responsible for advising Institutional and Sophisticated individual investors in the Australian share market. Luke's main focus was in resources companies including mining and energy where he originated and distributed capital raisings for small and mid-sized companies. Luke holds a B. Sc. in Microbiology from the University of Melbourne.

**Other current directorships of listed companies**
None.

**Former directorships of listed companies in the last three years**
None.

**Russell Simpson** *Non-executive Director*
*Appointed 18 June 2015*
Russell Simpson has been a successful Riverena Farmer, Merino breeder and irrigator from two Murray River water irrigation schemes for over 40 years. Taking a keen interest in commodity markets, particularly agricultural, gold and metals for the past 20 years, he has been an investor in Dart Mining since 2008 and a substantial shareholder since 2009.

**Other current directorships of listed companies**
None.

**Former directorships of listed companies in last three years**
None.

**Meredith Lyons** *Alternate Non-executive Director*
*Appointed 23 June 2015*
Meredith was appointed as an alternate Director by Russell Simpson to act on his behalf when he is not able to exercise his powers as a Director. Her appointment will continue until Mr Simpson revokes it or ceases to be a Director, whichever occurs first.

**Other current directorships of listed companies**
None.

**Former directorships of listed companies in last three years**
None.

**Julie Edwards** *Company Secretary*

*Appointed 1 July 2015*

Julie Edwards was appointed as the Chief Financial Officer of Dart on 8 July 2015. She has had over 20 years' experience and involvement in the management of accounting and finance functions. She holds a Bachelor of Commerce degree, is a member of CPA Australia, holds a CPA Public Practice Certificate and is a registered Tax Agent.

**Other current directorships of listed companies**
None.

**Former directorships of listed companies in last three years**
None.

## Shareholdings of directors and other key management personnel

The interests of each director and other key management personnel, directly and indirectly, in the shares and options of Dart Mining NL at the date of this report are as follows

| Key management personnel | Ordinary shares | Incentive rights and options over ordinary shares(unlisted) |
|---|---|---|
| R M Simpson | 32,386,795 | - |
| J Chirnside | 2,970,297 | - |
| D G Turnbull | 4,459,179 | 250,000 |

## Corporate information

**Corporate structure**

Dart Mining NL is a no liability company limited by shares that is incorporated and domiciled in Australia. Dart Mining NL has prepared a consolidated financial report incorporating Dart Resources Pty Ltd, Mt Unicorn Holdings Pty Ltd and Mt View Holdings Pty Ltd all of which were controlled by the Company (comprising the Group) during the financial year and are included in the financial statements.

**Principal activities**

Principal activities of the Dart Mining Group during the financial year were to conduct a PFS of the development of its Unicorn Project, containing molybdenum, copper and silver, and continue exploration for base metals and gold in north-east Victoria whilst also evaluating opportunities to expand its footprint to other regions of Australia and abroad.

**Employees**

The Company had 5 employees as at 30 June 2017 (2016: 8 employees).

**Dividend**

No dividends in respect of the current financial year have been paid, declared or recommended for payment.

## Summary of shares and options on issue

At 30 June 2017, the Group has 411,485,049 ordinary shares and 1,250,000 unlisted options and incentive rights on issue. Details of the options and incentive rights are as follows:

| Number of shares under option | Class of shares | Exercise price (cents) | Expiry date |
|---|---|---|---|
| 400,000 | Ordinary | 3 | 31 December 2017 |
| 850,000 | Ordinary | 6 | 31 December 2017 |

During the financial year, no incentive rights were granted to Key Management Personnel of the Company:

## Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

## Significant events after balance date

The Company has received from AusIndustry a Certificate of Finding in relation to the Company's R & D claims for the years 2011/12, 2012/13. The Certificate of Finding sets out a preliminary view of AusIndustry that the full amount of the Tax Offset is potentially repayable by the Company.
In response to the Certificate of Finding, the Company has submitted an application for internal review by a new assessor at AusIndustry, and engaged International Technology Group (ITG), a leading professional advisory firm specialising in R & D matters, to assist it (refer Note 1(n) & Note 20).

On 11 September 2017 the Company announced that it will be undertaking a 1 for 2 Entitlements Issue at $0.005 per share to raise approximately $1.028 million. In addition, one free attaching option for every new share will be issued, exercisable at one cent and expiring on 28 February 2019.

## Future developments, prospects and business strategies

The Board of Directors intends to continue with the exploration of the Group's tenements and focus on the Unicorn Project. Further details of the Group's prospects are included in the Exploration Report.

As the Group is listed on the Australian Securities Exchange, it is subject to the continuous disclosure requirements of the ASX Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of Dart Mining NL's securities.

The Board of Directors believe they have been compliant with the continuous disclosure requirements throughout the reporting period and to the date of this report.

## Environmental regulation

The economic entity holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions and no such breaches have been notified by any government agencies during either the year ended 30 June 2017 or at the date of this report.

## Directors and committee meetings

The Board of Directors established the Audit and Risk Management Committee on 9 May 2007. The charter for the Audit and Risk Management Committee was adopted on 12 July 2007 (revised 17 June 2014). The members of the Committee consist of James Chirnside, Luke Robinson and Russell Simpson.

The Board of Directors established the Remuneration and Nomination Committee on 5 December 2012. The charter for the Remuneration and Nomination Committee was adopted on 19 February 2013 (revised on 17 June 2014). The members of the Committee consist of James Chirnside, Luke Robinson and Russell Simpson.

The Board of Directors established the Technical Committee on 18 February 2014. The charter for the Technical Committee was adopted on 17 June 2014. The members of the Committee consist of James Chirnside, Luke Robinson and Russell Simpson.

# Directors' Report

The number of Directors and Committee meetings held during the year and the numbers of meetings attended by each Director and Committee member were as follows:

| | Board of Directors | | | Audit and Risk Management Committee | | |
|---|---|---|---|---|---|---|
| **Directors** | **Held** | **Entitled to attend** | **Attended** | **Held** | **Entitled to attend** | **Attended** |
| J Chirnside | 5 | 5 | 5 | 2 | 2 | 2 |
| L Robinson | 5 | 5 | 5 | 2 | 2 | 2 |
| R Simpson | 5 | 5 | 5 | 2 | 2 | 2 |

| | Remuneration and Nomination Committee | | | Technical Committee | | |
|---|---|---|---|---|---|---|
| **Directors** | **Held** | **Entitled to attend** | **Attended** | **Held** | **Entitled to attend** | **Attended** |
| J Chirnside | 1 | 1 | 1 | - | - | - |
| L Robinson | 1 | 1 | 1 | - | - | - |
| R Simpson | 1 | 1 | 1 | - | - | - |

## Indemnification and insurance of directors and officers

The Company has entered into Deeds of Indemnity with the Directors and Officers of the Company, indemnifying them against certain liabilities and costs to the extent permitted by law.
The Company has also agreed to pay a premium in respect of a contract insuring the directors and officers of the Company. Full details of the cover and premium are not disclosed as the insurance policy prohibits the disclosure.

## Proceedings on behalf of the Company

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

## Non-audit services

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standards of independence for auditors imposed by the *Corporations Act 2001*.

## Auditor independence declaration

The auditor's independence declaration for the year ended 30 June 2017 has been received and is included in this report.

## Remuneration Report - Audited

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of the Group's directors and other key management personnel for the financial year ended 30 June 2017. The prescribed details for each person covered by this report are detailed below.

## Details of Directors and other Key Management Personnel

Directors and other key management personnel of the Group during and since the end of the financial year are as follows:

**Directors**
J Chirnside (appointed 18 June 2015)
L Robinson (appointed 18 June 2015)
R Simpson (appointed 18 June 2015)

**Other Key Management Personnel**
D G Turnbull

**Remuneration philosophy**

The Board of Directors of Dart Mining NL is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director and other key management personnel after consideration is given to the recommendations of the Company's Remuneration and Nomination Committee. The Remuneration and Nomination Committee's policy is to ensure that a remuneration package properly reflects the person's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. The Board of the Company reviews and adopts or amend the recommendations of the Remuneration and Nomination Committee as proposed. The officers of the Company are given the opportunity to receive their base emolument in a variety of forms, including cash, fringe benefits such as motor vehicles and incentive rights. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Group.
To assist in achieving these objectives, the Board's objective is to link the nature and amount of Directors and other key management personnel emoluments to the Company's financial and operational performance. It is the Board's policy that employment contracts are entered into with all senior executives. At the date of this report, executive remuneration is set at levels approved by the Board. The Board has implemented these guaranteed levels of remuneration which are not dependent on performance in order to ensure the Group's ability to retain quality personnel.
Employment Agreements are entered into with Executive Directors and specified executives.

The Group's earnings and movements in shareholders' wealth for the last 6 financial years to 30 June 2017 is detailed in the following table:

| | 30 June 2017 | 30 June 2016 | 30 June 2015 | 30 June 2014 | 30 June 2013 | 30 June 2012 |
|---|---|---|---|---|---|---|
| Revenue | 15,561 | 286,628 | 95,408 | $2,167,529 | $4,612,093 | $80,135 |
| Net profit/( loss) after tax | (715,393) | (717,334) | (3,146,130) | ($1,060,846) | $55,567 | ($2,968,38 |
| Share price at start of year (cents) | 1.0 | 1.2 | 1.6 | 7 | 10 | 6 |
| Share price at end of year (cents) | 0.5 | 1.0 | 1.2 | 1.6 | 7 | 10 |
| Dividends | - | - | - | - | - | - |
| Basic earnings per share (cents) | (0.21) | (0.28) | (1.33) | (0.51) | 0.03 | (1.98) |
| Diluted earnings per share (cents) | (0.21) | (0.28) | (1.33) | (0.51) | 0.03 | (1.98) |

## Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive and executive director remuneration is separate and distinct.

## Non-executive director remuneration

*Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre at a cost that is acceptable to shareholders.

*Structure*

The 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 the Company's shareholders. An amount not exceeding the sum determined is then divided between the directors as agreed whilst maintaining a surplus amount that can be attributed to additional Non-executive Directors should they be appointed at any time. The latest determination was sought and granted at the Company's AGM on 2 October 2012 whereby shareholders approved an aggregate remuneration of $475,000 per year: an increase from the previous aggregate remuneration amount of $200,000 per year which was set with the adoption of the Company's constitution on 22 June 2006.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process.

Each Non-executive Director receives a fee for being a Director of the Group. Directors who are called upon to perform extra services beyond the Director's ordinary duties or who are members of Board Committees may be paid additional fees for those services.

The remuneration of Non-executive Directors for the financial year ended 30 June 2017 is detailed in this report.

## Senior executive remuneration

*Objective*

The Board aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for Company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

*Structure*

In determining the level and make-up of executive remuneration, the Board obtained independent advice from external consultants on market levels of remuneration for comparable executive roles. It is the Board's policy that employment contracts are entered into with all senior executives.

## Service contracts

Service contracts were entered into with Executive Directors and Specified Executives.

## Managing Director

The terms of an employment agreement with the MD, James Chirnside, issued on 19 June 2015 include *inter alia*:

- A fixed remuneration package of $150,000 plus superannuation per annum, and director's fees of $30,000 plus Superannuation whilst engaged as a director of Dart Mining NL.
- Reimbursement of all business related expenses and a motor vehicle for business use and reasonable private use or a reasonable allowance should he provide his own motor vehicle to perform work for Dart.
- The agreement can be terminated by either party upon 3 months' notice being given.

## Dean G Turnbull

The terms of an employment agreement with Dean Turnbull include *inter alia*:

- A remuneration package of $ 135,000 plus Superannuation per annum, with annual reviews, together with reimbursement of all business related expenses including motor vehicle running and maintenance expenses plus statutory annual leave entitlements;
- A restraint on Dean undertaking additional part-time consulting or provision of other services which may conflict with the activities of Dart without the approval of the Chairman which may not be unreasonably withheld. This restraint continues for 12 months after cessation of engagement with the Company;
- The agreement can be terminated by either party upon 3 months notice being given; and
- A bonus may be paid to Dean at the sole discretion of the Board which is based on certain performance criteria being exceeded for any pre-determined period.

## Other Key Management Personnel

All other KMP have rolling contracts with standard termination provisions as follows:

| | Notice period | Payment in lieu of notice | Treatment of STI on termination |
|---|---|---|---|
| Resignation | 1 - 3 months | 1 - 3 months | Unvested awards forfeited |
| Termination for cause | 1 month | 1 month | Unvested awards forfeited. Claw back of deferred STI payments at the Board's discretion |
| Termination in cases of disablement, redundancy or notice without cause | 3 months | 3 months | Claw back of deferred STI payments at the Board's discretion |

Remuneration of directors and other key management personnel for the year ended 30 June 2017

| | Short term benefits | | | Post-employment benefits | Share-based payments | Termination payments | Total | Percentage of share-based payments |
|---|---|---|---|---|---|---|---|---|
| | Salaries, fees and leave | Cash bonus | Non-monetary benefits | Superannuation | Options/ Incentive rights | | | |
| **2017** | $ | $ | $ | $ | $ | $ | $ | % |
| **Executive Directors** | | | | | | | | |
| James Chirnside | 178,750 | - | - | 16,981 | - | - | 195,731 | 0.00% |
| **Non-executive Directors** | | | | | | | | |
| **Current** | | | | | | | | |
| Luke Robinson | 30,000 | - | - | 2,850 | - | - | 32,850 | 0.00% |
| Russell Simpson | 30,000 | - | - | 2,850 | - | - | 32,850 | 0.00% |
| Dean G Turnbull | 134,579 | - | - | 12,785 | - | - | 147,364 | 0.00% |
| | **373,329** | **-** | **-** | **35,466** | - | **-** | **408,795** | 0.00% |

| | Short term benefits | | | Post-employment benefits | Share-based payments | Termination payments | Total | Percentage of share-based payments |
|---|---|---|---|---|---|---|---|---|
| | Salaries, fees and leave | Cash bonus | Non-monetary benefits | Superannuation | Options/ Incentive rights | | | |
| **2016** | $ | $ | $ | $ | $ | $ | $ | % |
| **Executive Directors** | | | | | | | | |
| James Chirnside | 180,603 | - | - | 17,157 | - | - | 197,760 | 0.00% |
| **Non-executive Directors** | | | | | | | | |
| **Current** | | | | | | | | |
| Luke Robinson | 57,976 | - | - | 5,507 | - | - | 63,483 | 0.00% |
| Russell Simpson | 30,579 | - | - | 2,905 | - | - | 33,484 | 0.00% |
| Dean G Turnbull | 135,746 | - | - | 12,895 | - | - | 148,691 | 0.00% |
| John Nethersole | 57,457 | | | 4,188 | | | 61,645 | 0.00% |
| | **462,361** | **-** | **-** | **42,652** | **-** | - | **505,063** | 0.00% |

## Bonuses

No cash bonuses were granted to Executive Directors during the financial year ended 30 June 2017 (2016: $nil).

## Employee options

At the end of the financial year, the following share-based payment arrangements were in existence:

| Grantee | Number | Grant date | Expiry date | Exercise price (cents) | Fair value at grant date (cents) | Vesting date |
|---|---|---|---|---|---|---|
| S Dunn | 200,000 | 18 Dec 2014 | 31 Dec 2017 | 3 | 1.180 | 18 Dec 2014 |
| S Dunn | 200,000 | 18 Dec 2014 | 31 Dec 2017 | 6 | 0.740 | 18 Dec 2014 |
| J Nethersole | 250,000 | 18 Dec 2014 | 31 Dec 2017 | 6 | 0.740 | 18 Dec 2014 |
| N Purden | 200,000 | 18 Dec 2014 | 31 Dec 2017 | 3 | 1.180 | 18 Dec 2014 |
| N Purden | 150,000 | 18 Dec 2014 | 31 Dec 2017 | 6 | 0.740 | 18 Dec 2014 |
| D G Turnbull | 250,000 | 18 Dec 2014 | 31 Dec 2017 | 6 | 0.740 | 18 Dec 2014 |

These options and incentive rights are not quoted, not transferrable and may be exercised at any time after vesting date.

The following table summarises the value of remuneration options and incentive rights granted, exercised or lapsed during the year:

| | Value of incentive rights granted $ | Value of options exercised $ | Value of options cancelled $ | Value of options lapsed at lapse date $ |
|---|---|---|---|---|
| C J Bain | - | - | - | 43,900 |
| J Cornelius | - | - | 6,450 | - |
| S G Poke | - | - | - | 43,900 |
| R G Udovenya | - | - | - | 43,900 |
| D G Turnbull | - | - | - | 4,600 |

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

**James Chirnside**
*Chairman*

**Luke Robinson**
*Director*

**Russell Simpson**
*Director*

Melbourne
20 September 2017

# Corporate Governance Statement

The Board of Directors of Dart Mining NL (the Company) is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's corporate governance statement for 2017 is located on the Company's website at **www.dartmining.com.au** – about us – Corporate Policy.

msi RAGG WEIR
Chartered Accountants

Level 2
108 Power Street
Hawthorn Victoria
Australia

T +613 9819 4011
F +613 9819 6780
W raggweir.com.au
E info@raggweir.com.au

Postal Address: PO Box 325 Hawthorn Victoria 3122

## AUDITOR'S INDEPENDENCE DECLARATION
## UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
## TO THE DIRECTORS OF DART MINING NL

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

MSI RAGG WEIR
Chartered Accountants

I.L. JENKINS
Partner

Melbourne: 20 September 2017

A member of
msi Global Alliance
Independent legal & accounting firms

LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

# Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2017

| | Note | Consolidated Group 2017 $ | Consolidated Group 2016 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 4 | **15,561** | **286,628** |
| Consultancy fees | | (66,097) | (76,406) |
| Professional fees | | (148,796) | (222,432) |
| Employee benefits expense | | (184,453) | (281,835) |
| Exploration costs written-off | | (67,316) | (77,489) |
| Depreciation and amortisation expense | | (17,272) | (9,085) |
| Office expenses | | (53,019) | (133,284) |
| Finance expenses | | (2,086) | (2,362) |
| Administrative expenses | | (167,253) | (185,024) |
| Travel related expenses | | (24,662) | (16,045) |
| **Expenses** | | **(730,954)** | **(1,003,962)** |
| **Profit/(loss) before income tax expense** | 5 | **(715,393)** | **(717,334)** |
| Income tax expense | 6 | - | - |
| **Profit/(loss) for the year** | | **(715,393)** | **(717,334)** |
| **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 income for the year** | | **(715,393)** | **(717,334)** |
| Attributable to: | | | |
| Net profit/(loss) attributable to | | | |
| Members of the parent entity | | **(715,393)** | **(717,334)** |
| Non-controlling interests | | - | - |
| Total comprehensive income | | **(715,393 )** | **(717,334)** |
| **Earnings per share** | | | |
| From continuing and discontinued operations | | | |
| Basic earnings per share (cents) | 9 | (0.21) | (0.28) |
| Diluted earnings per share (cents) | 9 | (0.21) | (0.28) |

The accompanying notes form part of these financial statements

# Consolidated Statement of Financial Position

As at 30 June 2017

| | Note | Consolidated | |
|---|---|---|---|
| | | 30 June 2017 | 30 June 2016 |
| | | $ | $ |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | 218,722 | 436,598 |
| Trade and other receivables | 11 | 8,916 | 19,847 |
| Other assets | 15 | 24,000 | - |
| **Total current assets** | | **251,638** | **456,445** |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | 62,555 | 88,017 |
| Other non-current assets | 15 | 239,214 | 182,585 |
| Deferred exploration and evaluation costs | 14 | 8,266,729 | 7,930,972 |
| **Total non-current assets** | | **8,568,498** | **8,201,574** |
| **TOTAL ASSETS** | | **8,820,136** | **8,658,019** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 16 | 95,245 | 242,700 |
| Provisions | 17 | 84,803 | 67,933 |
| **Total current liabilities** | | **180,048** | **310,633** |
| | | | |
| **TOTAL LIABILITIES** | | **180,048** | **310,633** |
| **NET ASSETS** | | **8,640,088** | **8,347,386** |
| **EQUITY** | | | |
| Issued capital | 18 | 19,934,094 | 18,925,999 |
| Reserves | 27 | 11,010 | 193,060 |
| Retained earnings | | (11,305,016) | (10,771,673) |
| **TOTAL EQUITY** | | **8,640,088** | **8,347,386** |

The accompanying notes form part of these financial statements

# Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2017

| | Ordinary share capital | Option reserve | Accumulated losses | Total |
|---|---|---|---|---|
| **Consolidated** | **$** | **$** | **$** | **$** |
| **Balance at 1 July 2015** | **18,379,349** | **386,158** | **(10,247,437)** | **8,518,070** |
| **Comprehensive income** | | | | |
| Profit/(loss) for the year | - | - | (717,334) | (717,334) |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive income for the year** | **-** | **-** | **(717,334)** | **(717,334)** |
| **Transactions with owners, in their capacity as owners, and other transfers** | | | | |
| Options and performance rights issued | - | - | - | - |
| Fair value of lapsed options transferred | - | (193,098) | 193,098 | - |
| Shares issued during the year | 605,001 | - | - | 605,001 |
| Capital raising costs | (58,351) | - | - | (58,351) |
| **Total transactions with owners and other transfers** | **546,650 -** | **(193,098)** | 193,098 | **546,650** |
| **Balance at 30 June 2016** | **18,925,999** | **193,060** | **(10,771,673)** | **8,347,386** |
| **Balance at 1 July 2016** | **18,925,999** | **193,060** | **(10,771,673)** | **8,347,386** |
| **Comprehensive income** | | | | |
| Profit/(loss) for the year | | - | (715,393) | (715,393) |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive income for the year** | **-** | **-** | **(715,393)** | **(715,393)** |
| **Transactions with owners, in their capacity as owners, and other transfers** | | | | |
| Options and performance rights issued | - | - | - | - |
| Fair value of lapsed options transferred | - | (182,050) | 182,050 | - |
| Shares issued during the year | 1,059,664 | - | - | 1,059,664 |
| Capital raising costs | (51,569) | - | - | (51,569) |
| **Total transactions with owners and other transfers** | **1,008,095** | **-** | - | **1,008,095** |
| **Balance at 30 June 2017** | **19,934,094** | **11,010** | **(11,305,016)** | **8,640,088** |

The accompanying notes form part of these financial statements

# Consolidated Statement of Cash Flows

For the year ended 30 June 2017

| | Note | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Other income | | - | 30,169 |
| Research and development grant received | | 13,097 | 245,197 |
| Interest received | | 2,512 | 15,962 |
| Payments to suppliers and employees | | (854,810) | (950,087) |
| **Net cash provided by/(used in) operating activities** | 22a | **(839,201)** | **(658,759)** |
| **Cash flows from investing activities** | | | |
| Payments for exploration costs | | (371,315) | (649,599) |
| Purchase of property, plant and equipment | | (3,608) | (13,451) |
| Disposal/(purchases) of property, plant and equipment | | (11,847) | 29,500 |
| Security deposits refunded (held) | | - | 15,170 |
| **Net cash provided by/(used) in investing activities** | | **(386,770)** | **(618,380)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of ordinary shares | | 1,059,664 | 605,001 |
| Payment of share issue costs | | (51,569) | (58,351) |
| **Net cash provided by/(used in) financing activities** | | **1,008,095** | **546,650** |
| **Net increase/(decrease) in cash held** | | **(217,876)** | **(730,489)** |
| Cash and cash equivalent at the beginning of the financial year | | 436,598 | 1,167,087 |
| **Cash and cash equivalent at the end of the financial year** | 10 | **218,722** | **436,598** |

The accompanying notes form part of these financial statements

## Note 1 Corporate information

The consolidated financial statements of Dart Mining NL and its subsidiaries (collectively, the Group) for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 20 September 2017.

Dart Mining NL (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group's structure is provided in Note 12. Information on other related party relationships is provided in Note 25.

## Note 2 Summary of significant accounting policies

### Basis of preparation

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

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### (a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Dart Mining NL at the end of the reporting period. A controlled entity is any entity over which Dart Mining NL has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

The result of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all intra-group balances and transactions between entities in the consolidated group have been eliminated in full.

### (b) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense/ (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. (Current tax liabilities)/assets are measured at the amounts expected to be paid to/ (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year and unused tax losses.

Current and deferred income tax expense/ (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where : (a) a legally enforceable right of offset exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## (c) Property, plant and equipment

*i) Acquisition*
Items of property, plant and equipment are initially recorded at cost net of GST and depreciated as outlined below.

*ii) Depreciation of property, plant and equipment*
Property, plant and equipment are depreciated on a straight-line basis at rates based upon the expected useful lives of these assets. The useful lives of these assets are detailed in Note 13 to the financial statements.

*iii) Disposal*
The gain or loss arising on disposal or retirement of property, plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

*iv) Subsequent measurement*
Property, plant and equipment are subsequently measured at amortised cost. Amortised cost is calculated as the amount at which the asset is measured at initial recognition less any depreciation or impairment.

## (d) Deferred exploration and evaluation

In accordance with AASB 6 Exploration For and Evaluation of Mineral Resources, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Other than Research and Development costs (see Note 2 (e)) these costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against operating results in the year in which the decision to abandon the area is made.

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

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

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

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs are determined on the basis that restoration will be completed within one year of abandoning a site.

## (e) Research and development costs

Research costs relating to the development of exploration models are expensed as incurred.

## (f) Financial instruments

**Initial recognition and measurement**
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).
Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**
Financial instruments are subsequently measured at fair value, amortised cost using either the effective interest method or cost Amortised cost is calculated as the amount at which the financial assets or financial liability is measured at initial recognition less principal repayments, any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, by reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.
The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

*(i) Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is de-recognised.

*(ii) Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is de-recognised.

*(iii) Financial liabilities*
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is de-recognised.

**Impairment**

At the end of each reporting period the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**De-recognition**

Financial assets are de-recognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income or profit or loss.

## (g) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

## (h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lesser effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance Leases

Leases which effectively transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised. The consolidated entity has no finance leases as at 30 June 2017.

## (i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

## (j) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## (k) Cash and cash equivalents

Cash and cash equivalents include deposits available on demand with banks.

## (l) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instrument to which the costs relate. Transaction costs are costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

## (m) Share-based payments

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model, using the assumptions detailed in Note 23.

(i) The fair value determined at the grant date of the equity settled share based payment is expensed on a straight-line basis over the vesting period, based on the directors' estimate of shares that will eventually vest.

(ii) Equity-settled share based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which these are measured at the fair value of the equity instruments granted at the date the entity obtains the goods or the counterparty renders the service.

## (n) Going concern basis

The Group is involved in the exploration and evaluation of mineral tenements and as such expects to be cash absorbing until these tenements demonstrate that they contain economically recoverable reserves.

As at 30 June 2017, the Group had a surplus of current assets over current liabilities of $71,590 (2016: $145,812) including cash reserves of $218,722 (2016: $436,598).

For the year ended 30 June 2017, the Group reported net cash outflows from operations and investing activities of $839,201 (2016: $658,759) and $386,770 (2016: $618,380) respectively. These cash outflows were offset by net cash inflows from financing activities of $1,008,095 (2016: $546,650) resulting in total cash inflows/ (outflows) for the year of ($217,876) (2016: (($730,489)).

As noted in the June 2016 Financial Report,Dart Mining NL received a notification from Innovation Australia (formerly AusIndustry) stating that the previous R&D Claims were not core R&D activities in accordance with the Industry Research and Development Act 1986.

Subsequently, submissions have been made in an endeavor to resolve the matter. Preliminary advice from the independent expert that there was a reasonable degree of confidence that significant aspects of the claim will be allowed, has proven correct. Two activities, including the major focus of our R&D work have been accepted as eligible. However, work on two other activities was not allowed. The amount which was potentially refundable to the Australian Taxation Office was $2,033,733, this has now been reduced to $321,584. The issue of the two remaining activities, which are closely connected to our basic research work and are critical in our work going forward are still in the process of being resolved.

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

The ability of the Group to continue as a going concern for the twelve months from the date of this report is dependent on its ability to control its overhead costs and exploration expenditures and to generate additional funds from activities including:

- other future equity or debt fund raisings;
- the potential farm-out of participating interests in the Group's tenements; and
- successful development of existing tenements.

Having carefully assessed the likelihood of securing additional funding or entering into farm-out arrangements including the funds raised subsequent to the balance date and the Group's ability to effectively manage their expenditures and cash flows from operations, the directors believe that the Group will continue to operate as a going concern for the foreseeable future and therefore it is appropriate to prepare the financial statements on a going concern basis.

## (o) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

## (p) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 2(f) for further discussion on the determination of impairment losses.

## (q) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

## (r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

## (s) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income on the date of receipt of the grant. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Repayment of Government grants are recognised at fair value where there is a reasonable likelihood that a repayment will be required.

## (t) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

## (u) Critical accounting judgements and sources of estimations

In applying the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities. These estimates and assumptions are made based on past experience and other factors that are considered relevant. Actual results may differ from these estimates. All estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

The following describes critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of deferred exploration costs

The Group's accounting policy for exploration expenditure results in some items being capitalised for an area of interest where it is considered likely to be recoverable in the future or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management is required to make certain estimates and assumptions as to future events and circumstances which may change as new information becomes available. If a judgement is made that recovery of a capitalised expenditure is unlikely, the relevant amount will be written off to the income statement.

## (v) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined 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.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognize gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items, Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019)

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117*: Leases* and related Interpretations. AASB 16 introduces a single accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard are as follows:

  - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
  - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
  - application of a practical expedient to permit a lessee to elect not to separate non-lease components and insteadaccount for all components as a lease; and
  - inclusion of additional disclosure requirements.

  The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB or recognize the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

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

| | Consolidated | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |

## Note 3 Parent information

### Statement of Financial Position

| | | |
|---|---|---|
| Assets | | |
| Current assets | 251,633 | 456,445 |
| Non-current assets | 8,582,459 | 8,215,534 |
| **Total assets** | **8,834,092** | **8,671,979** |
| Liabilities | | |
| Current liabilities | 180,244 | 310,833 |
| Non-current liabilities | - | - |
| **Total liabilities** | **180,244** | **310,833** |
| **Net assets** | **8,653,848** | **8,361,146** |
| Equity | | |
| Issued capital | 19,934,094 | 18,925,999 |
| Reserves | 33,070 | 215,120 |
| Retained earnings | (11,313,316) | (10,779,973) |
| **Total equity** | **8,653,848** | **8,361,146** |

### Statement of Profit or Loss and Other Comprehensive Income

| | | |
|---|---|---|
| Total profit/(loss) | (715,393) | (717,334) |
| **Total comprehensive income/(loss)** | **(715,393)** | **(717,334)** |

## Note 4 Revenue and other income

### Revenue from continuing operations

| | | |
|---|---|---|
| Sales revenue | | |
| – Research and development grant | - | 245,196 |
| | **-** | **245,196** |
| Other revenue | | |
| – Interest received | 2,464 | 11,262 |
| – Other revenue | 13,097 | 30,170 |
| | **15,561** | **41,432** |
| | **15,561** | **286,628** |

| | Consolidated | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |

## **Note 5** Profit/(loss) for the year

| | | |
|---|---|---|
| Profit/(loss) before income tax from operations include the following expenses | | |
| Exploration expenses written off | 67,316 | 77,489 |
| Depreciation | 17,272 | 9,085 |

## **Note 6** Tax expense

| | | |
|---|---|---|
| (a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense | | |
| Profit/(loss) from continuing operations | **(715,393)** | **(717,334)** |
| Income tax expense (benefit) calculated at 27.5% (2016: 30%) | (196,733) | (215,200) |
| Effect of non-deductible expenses | 49,343 | 149,676 |
| Effect of deductible temporary differences | (147,196) | (288,600) |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets | 294,586 | 354,124 |
| Utilisation of tax losses brought forward | - | - |
| **Income tax expense** | **-** | **-** |
| (b) Tax losses not brought to account | | |
| Tax losses brought forward | 4,312,491 | 2,918,378 |
| Current year tax losses | 294,586 | 354,124 |
| Effect of change in tax rate from 30% to 27.5% | (362,581) | - |
| Utilisation of tax losses brought forward | - | - |
| Recognition of tax losses – correction prior years | 38,479 | 1,039,989 |
| **Tax losses carried forward** | **4,282,975** | **4,312,491** |

| | Consolidated | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |

## Note 7 Key management personnel compensation

Total remunerations paid to KMP of the Company and the Group during the year are as follows :

| | | |
|---|---|---|
| Short-term employee benefits | 373,329 | 462,361 |
| Post-employment benefits | 35,466 | 42,652 |
| Share-based payments | - | - |
| Long-term employee benefits | - | - |
| Termination payments | - | - |
| Total KMP compensation | **408,795** | **505,013** |

### KMP options and rights holdings

There were no listed options over ordinary shares held during the financial year by KMP of the Group (2016: Nil)

The number of unlisted options and incentive rights over ordinary shares held during the financial year by each KMP of the Group is as follows:

| | Balance at beginning of year | Incentive rights granted as remuneration during the year | Incentive rights exercised, lapsed or excluded during the year | Net other changes[1] | Balance at end of year |
|---|---|---|---|---|---|
| **2017** | | | | | |
| D G Turnbull | 2,250,000 | - | 2,000,000 | - | 250,000 |
| | **2,250,000** | - | 2,000,000 | - | **250,000** |
| **2016** | | | | | |
| D G Turnbull | 2,250,000 | - | - | - | 2,250,000 |
| J Nethersole[2] | 250,000 | - | - | (250,000) | - |
| J Cornelius | 750,000 | - | - | (750,000) | - |
| | **3,250,000** | **-** | **-** | **(1,000,000)** | **2,250,000** |

[1] Net other changes represents reductions to Directors' options or shareholdings on their resignations.

[2] J Nethersole resigned as CFO of the company in July 2015, but continued to hold options in the company.

[2] J Cornelius retired as CEO of the company in July 2015, but continued to hold options in the company

## Note 7 Key management personnel compensation *(continued)*

### KMP shareholdings

The number of ordinary shares held by each KMP of the Group or their nominees during the financial year is as follows:

| | Balance at beginning of year | Shares acquired through exercise of options and incentive rights | Shares disposed | Share aquired | Balance at end of year |
|---|---|---|---|---|---|
| **2017** | | | | | |
| J Chirnside | 2,970,297 | - | - | - | 2,970,297 |
| R Simpson | 30,386,795 | - | - | 2,000,000 | 32,386,795 |
| D G Turnbull | 4,459,179 | - | - | - | 4,459,179 |
| | **37,816,271** | - | **-** | **-** | **39,816,271** |
| **2016** | | | | | |
| J Chirnside | - | 2,970,297 | - | - | 2,970,297 |
| R Simpson | 23,945,817 | 6,440,978 | - | - | 30,386,795 |
| D G Turnbull | 4,459,179 | - | - | - | 4,459,179 |
| | **28,404,996** | **9,411,275** | **-** | - | **37,816,271** |

## Note 8 Auditor's remuneration

| | Consolidated | |
|---|---|---|
| | 2017 $ | 2016 $ |
| Amounts received or due and receivable by MSI Ragg Weir for: | | |
| Audit or review of the financial statements of the Group | **27,850** | **25,195** |

| | Consolidated | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |

## Note 9 Earnings per share

| | | |
|---|---|---|
| (a) Reconciliation of earnings to profit and loss | | |
| Net profit/(loss) for the year | (715,393) | (717,334) |
| **Earnings/(loss) used to calculate basic EPS** | **(715,393)** | **(717,334)** |
| (b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS | **344,855,032** | **257,128,833** |
| Basic earnings per share | (0.21) | (0.28) |
| Diluted earnings per share | (0.21) | (0.28) |

Diluted earnings per share is calculated after classifying all options on issue remaining unconverted at 30 June 2017 as potential ordinary shares. At 30 June 2017, the Company had on issue 1,250,000 (2016: 8,200,000) options and incentive rights over unissued capital and had incurred a net loss. Unlisted options are not considered dilutive and have not been included in the calculations of diluted earnings per share.

## Note 10 Cash and cash equivalent

| | | |
|---|---|---|
| Cash at bank and on hand | 218,722 | 436,598 |
| | **218,722** | **436,598** |

## Note 11 Trade and other receivables

| | | |
|---|---|---|
| Accrued interest – other persons/corporations | 295 | 343 |
| GST receivable | 8,621 | 19,429 |
| Others | - | 75 |
| | **8,916** | **19,847** |

No receivable amounts were past due or impaired at 30 June 2017 (2016: Nil)

### Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter-parties other than those receivables specifically provided for and mentioned within Note 11. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

## Note 12 Controlled entities

| | Country of incorporation | Percentage owned (%) | |
|---|---|---|---|
| | | 2017 | 2016 |
| Dart Resources Pty Ltd | Australia | 100% | 100% |
| Mt Unicorn Holdings Pty Ltd | Australia | 100% | 100% |
| Mt View Holdings Pty Ltd | Australia | 100% | 100% |

For each of the controlled entities that the place of business is the same as the place of incorporation. The activities of these entities are not material to the Group.

There are no significant restrictions on the Group's or its controlled entities ability to access or use the assets and settle the liabilities of the Group nor are there restrictions on ownership changes to these entities.

## Note 13 Property, plant and equipment

| | | Consolidated | |
|---|---|---|---|
| | | 2017 $ | 2016 $ |
| **Plant and equipment** | | | |
| At cost | | 105,249 | 157,408 |
| Accumulated depreciation | | (98,146) | (152,338) |
| | | **7,103** | **5,070** |
| **Computer equipment & software** | | | |
| At cost | | 67,431 | 149,642 |
| Accumulated depreciation | | (50,775) | (127,562) |
| | | **16,656** | **22,080** |
| **Motor vehicles** | | | |
| At cost | | 126,309 | 126,309 |
| Accumulated depreciation | | (87,513) | (65,442) |
| | | **38,796** | **60,867** |
| **Total property, plant and equipment** | | **62,555** | **88,017** |

## Note 13 Property, plant and equipment *(continued)*

| | Plant & equipment | Computer equipment & software | Motor vehicles | Total |
|---|---|---|---|---|
| **Consolidated** | $ | $ | $ | $ |
| Balance at 1 July 2015 | 6,008 | 17,371 | 83,481 | 106,860 |
| Additions | 1,334 | 12,115 | (500) | 12,949 |
| Depreciation expense | (790) | (5,141) | (3,153) | (9,084) |
| Depreciation expense capitalised | (1,482) | (2,265) | (18,961) | (22,708) |
| **Balance at 30 June 2016** | **5,070** | **22,080** | **60,867** | **88,017** |
| Balance at 1 July 2016 | 5,070 | 22,080 | 60,867 | 88,017 |
| Additions/(Disposals) | 4,072 | 6,639 | - | 10,711 |
| Depreciation expense | (868) | (9,047) | (7,357) | (17,272) |
| Depreciation expense capitalised | (1,171) | (3,016) | (14,714) | (18,901) |
| **Balance at 30 June 2017** | **7,103** | **16,656** | **38,796** | **62,555** |

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

| | |
|---|---|
| Plant and equipment | 3 – 6 years |
| Computer equipment & software | 3 – 4 years |
| Motor vehicles | 4 – 5 years |

## Note 14 Deferred exploration and evaluation

| | Consolidated | |
|---|---|---|
| | 2017 $ | 2016 $ |
| Balance at beginning of financial year | 7,930,972 | 7,393,445 |
| Current year expenditure capitalised – mining exploration | 282,736 | 493,794 |
| Current year expenditure capitalised – joint ventures | 120,337 | 121,222 |
| Exploration costs written-off | (67,316) | (77,489) |
| **Balance at end of financial year** | **8,266,729** | **7,930,972** |
| **Comprising:** | | |
| - Deferred mining exploration expenditure | 8,092,486 | 7,809,750 |
| - Deferred joint ventures expenditure | 174,243 | 121,222 |

Ultimate recovery of deferred exploration and evaluation costs is dependent upon the success of Pre-feasibility Studies, exploration and evaluation or sale or farm-out of the exploration interests. A percentage of the CEO's salary and associated costs are capitalised in line with the Company's policy for capitalising costs directly relating to pre-feasibility and exploration. Namely, the Company has four cost centres, Corporate, Pre-feasibility, Research and Development and Exploration. Where identifiable, costs associated with the Pre-feasibility and Exploration cost centres are capitalised. These costs are annually reviewed for impairment and a charge is made direct to the Income Statement of the Company when an impairment is identified. An impairment for 2017 of $67,316 (2016: $77,489) was brought to account for the financial year for costs associated with the projects and areas within the Beechworth Tenement. The Company still intends to continue activity on the remaining tenements under its control.

| | Consolidated | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |

## Note 15 Other assets

| | | |
|---|---|---|
| CURRENT | | |
| Prepayments | 24,000 | - |
| | **24,000** | - |
| NON-CURRENT | | |
| Bond security for exploration tenement licences | 50,772 | 51,363 |
| Bond security for company credit cards | 10,000 | 10,000 |
| Receivable from joint ventures | 174,243 | 121,222 |
| Investment in joint ventures | 3,330 | - |
| Rental property bonds | 869 | - |
| | **239,214** | **182,585** |

## Note 16 Trade and other payables

| | | |
|---|---|---|
| CURRENT | | |
| Trade payables | 15,184 | 21,667 |
| Sundry payables | 80,061 | 221,033 |
| | **95,245** | **242,700** |

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are usually settled on 30 day terms.
(ii) Other creditors are non-interest bearing and have an average term of 30 days.

## Note 17 Provisions

| | | |
|---|---|---|
| CURRENT | | |
| Short term employee benefits | 84,803 | 67,933 |

## Note 18 Issued capital

| | Consolidated | |
|---|---|---|
| | 2017 $ | 2016 $ |
| 411,485,049 fully paid ordinary shares (2016 : 300,023,714) | **19,934,094** | **18,925,999** |

**Ordinary shares**

| Consolidated | 2017 | | 2016 | |
|---|---|---|---|---|
| | No | $ | No | $ |
| Balance at the beginning of the financial year | **300,023,714** | **18,925,999** | **243,257,982** | **18,379,349** |
| Shares issued during the year | 111,461,335 | 1,059,664 | 56,765,732 | 605,001 |
| Less transaction costs arising from issue of shares | - | (51,569) | - | (58,351) |
| **Balance at end of financial year** | **411,485,049** | **19,934,094** | **300,023,714** | **18,925,999** |

### Terms and conditions of contributed equity

**Ordinary shares**
Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The issued capital of the Company quoted on the ASX comprises 411,485,049 ordinary shares (2016: 300,023,714).

**Share options**
There were no share options issued during the financial year (2016: nil).

At the end of the financial year, there were 1,250,000 (2016: 8,200,000) unlisted options on issue

| Securities | Expiry date | Number | Exercise price (cents) | Escrow period |
|---|---|---|---|---|
| Unlisted | 31 December 2017 | 850,000 | 6 | - |
| Unlisted | 31 December 2017 | 400,000 | 3 | - |

The following options expired during the 2017 financial year

| Securities | Expiry date | Number | Exercise price (cents) | Expired on |
|---|---|---|---|---|
| Unlisted | 20 March 2017 | 100,000 | 18 | 20 March 2017 |
| Unlisted | 20 March 2017 | 100,000 | 22 | 20 March 2017 |
| Unlisted | 31 December 2016 | 3,000,000 | 15 | 31 December 2016 |
| Unlisted | 30 August 2016 | 1,000,000 | 11 | 30 August 2016 |
| Unlisted | 31 December 2016 | 2,000,000 | 11 | 31 December 2016 |
| Unlisted | 30 June 2017 | 750,000 | 6 | 30 June 2017 |

## Note 19 Expenditure commitments

### Exploration expenditure

Under the terms of the exploration tenement licences, the Group has a commitment to meet a minimum expenditure requirement in order to keep its rights current. The minimum expenditure requirement is not recognised as a liability in the Statement of Financial Position of the Group as the Group may relinquish its rights to a particular tenement thereby removing the requirement to meet the minimum expenditure requirement.

| | Consolidated | |
|---|---|---|
| | 2017 $ | 2016 $ |
| Not longer than 1 year | 367,033 | 543,394 |
| Between 1 and 5 years | 393,116 | 544,681 |
| Longer than 5 years | - | - |
| | **760,149** | **1,088,075** |

**Operating leases**

The Group has commercial leases on property. These leases have an average life of between zero and one year with renewal options on the property leases. There are no restrictions upon the lessee by entering into these leases.

Future minimum lease payments payable under non-cancellable operating leases as at the balance date are as follows:

| | | |
|---|---|---|
| Not longer than 1 year | 10,644 | 16,871 |
| Between 1 and 5 years | - | 3,029 |
| | **10,644** | **19,900** |

**Licence agreement**

The Group has a licence agreement for exclusive use of an office area. This licence is for 3 years and is not expected to be renewed. There are no restrictions upon the lessee by entering into this agreement.

Future minimum payments payable under a non-cancellable agreement as at the balance date are as follows:

| | | |
|---|---|---|
| Not longer than 1 year | 24,423 | 30,219 |
| Between 1 and 5 years | - | 24,423 |
| | **24,423** | **54,642** |

## Note 20 Contingent liabilities and contingent assets

The company establishes an accrued liability for claims when it determines that a loss is probable and the amount of the loss can be reasonably estimated. Accruals will be adjusted from time to time, as appropriate, in the light of additional information.

As noted in the June 2016 Annual Financial Report, Dart Mining NL received a notification from Innovation Australia (formerly AusIndustry) stating that the previous R&D Claims did not contain core or supporting R&D activities in accordance with the Industry Research and Development Act 1986.

Subsequently, submissions have been made in an endeavor to resolve the matter. Preliminary advice from the independent expert that there was a reasonable degree of confidence that significant aspects of the claim will be allowed, has proven correct. Two activities, including the major focus of our R&D work have been accepted as eligible. However, work on two other activities was not allowed. The amount which was potentially refundable to the Australian Taxation Office was $2,033,733 and this has now been reduced to $321,584. The issue of the two remaining activities, which are closely connected to our basic research work and are ctitical in our work going forward, are still in the process of being resolved.

Under tenement licence conditions in Victoria the Group is required to rehabilitate each licence area to its original state subsequent to any exploration work. Rehabilitation costs are estimated not to exceed $60,000.

No contingent assets existed at the reporting date.

## Note 21 Operating segments

The Group's activities consist of base metal and gold exploration currently in one geographic region of north-east Victoria. There are no other significant classes of business, either singularly or in aggregate. Internal monthly management reports are provided to the Group's Directors that consolidate operations in one segment. Therefore, the Group's activities are classed as one business segment and as a result operating and financial information are not separately disclosed in this note.

## **Note 22** Cash-flow information

| | Consolidated | |
|---|---|---|
| | 2017 $ | 2016 $ |
| **a) Reconciliation of cash flow from operations with profit after income tax** | | |
| Profit/(loss) after income tax | **(715,393)** | **(717,334)** |
| *Non- cash flows in profit/(loss)* | | |
| Depreciation | 17,272 | 9,084 |
| Exploration cost written off | - | 77,489 |
| Loss on disposal of assets | 1,136 | - |
| *Changes in assets and liabilities* | | |
| (Increase)/Decrease in receivables | 26,202 | 30,580 |
| (Increase)/Decrease in other assets | (24,000) | (48,933) |
| Increase/(Decrease) in trade payables and accruals | (151,995) | (30,808) |
| Increase/(Decrease) in provisions | 7,577 | 21,163 |
| **Cash flow from operations** | **(839,201)** | **(658,759)** |
| **b) Reconciliation of cash** | | |
| Cash balance comprises: | | |
| Cash on hand and at call | 218,722 | 436,598 |
| Term deposits | - | - |
| | **218,722** | **436,598** |

**c) Financing facility**
The Group has no available finance facilities at balance date.

**d) Non-cash financing and investing activities**
There were no non-cash financing or investing activities during the financial year.

## **Note 23** Share-based payments

### Executive options

Share-based payment options held at the end of the reporting year were as follows:

| Grant date | Grantee | Number | Vesting date | Expiry date | Exercise price (cents) | Fair value at grant date (cents) |
|---|---|---|---|---|---|---|
| 12 Dec 2014 | D G Turnbull | 250,000 | 12 Dec 2014 | 31 Dec 2017 | 6 | 0.74 |
| 18 Dec 2014 | J Nethersole | 250,000 | 18 Dec 2014 | 31 Dec 2017 | 6 | 0.74 |

### Other options

| Grant date | Number | Vesting date | Expiry date | Exercise price (cents) | Fair value at grant date (cents) |
|---|---|---|---|---|---|
| 18 Dec 2014 | 400,000 | 18 Dec 2014 | 31 Dec 2017 | 3 | 1.18 |
| 18 Dec 2014 | 350,000 | 18 Dec 2014 | 31 Dec 2017 | 6 | 0.74 |

There was no share options and incentive rights granted during the financial year. Options were priced using a Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions. Expected volatility is based on the historical share price volatility of the Company over the reporting period.

### Weighted average remaining contractual life

Share options outstanding at 30 June 2017 had a weighted average contractual life of 184 days (2016: 260 days)

### Movements in share-based payments options

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Number | Weighted average exercise price (cents) | Number | Weighted average exercise price (cents) |
| Balance at beginning of year | 8,200,000 | | 15,473,048 | |
| Cancelled | (750,000) | | (7,273,048) | |
| Expired | (6,200,000) | | - | |
| **Balance at end of year** | **1,250,000** | | **8,200,000** | |
| **Exercisable at end of year** | **1,250,000** | **5** | **8,200,000** | **11** |

## **Note 24** Events after the reporting period

On 11 September 2017 the Company announced that it will be undertaking a 1 for 2 Entitlements Issue at $0.005 per share to raise approximately $1.028 million. In addition, one free attaching option for every new share will be issued, exercisable at one cent and expiring on 28 February 2019.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may have a significant effect on the financial operations of the Group, the financial performance of those operations or the financial position of the Group in the subsequent financial year.

## **Note 25** Related party transactions

### Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (executive or otherwise) of the entity are considered Key Management Personnel (refer Note 7).

### Other related parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

### Transactions with related parties

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

There were no related party transactions.

## Note 26 Financial risk management

The Group's financial instruments consist mainly of deposits with banks, receivables and trade and other payables.

The totals of each category of financial instruments, measured in accordance with AASB139 as detailed in the accounting policies to these financial statements are as follows :

| | Consolidated | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| **Financial assets** | | |
| Cash and cash equivalents | 218,722 | 436,598 |
| Other receivables | 8,916 | 19,847 |
| Other non-current receivables | - | 182,585 |
| **Total financial assets** | **227,638** | **639,030** |
| **Financial liabilities** | | |
| Financial liabilities at amortised costs - trade and other payables | 95,245 | 242,700 |
| **Total financial liabilities** | **95,245** | **242,700** |

### Specific financial risk exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure to credit risks are continuously monitored and controlled by counterparty limits that are reviewed and approved by the management on a regular basis. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built 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 banking facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

## **Note 26** Financial risk management *(continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities and financial assets

| | Within 1 year | | 1 to 5 years | | Over 5 years | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| **Consolidated** | | | | | | | | |
| Financial liabilities due for payment | | | | | | | | |
| Trade and other payable | 95,245 | 242,700 | - | - | - | - | 95,245 | 242,700 |
| **Total contractual outflows** | **95,245** | **242,700** | **-** | **-** | **-** | **-** | **95,245** | **242,700** |
| **Financial assets cash flow realisable** | | | | | | | | |
| Cash and cash equivalents | 218,722 | 436,598 | - | - | - | - | 218,722 | 436,598 |
| Loans and other receivables | - | - | 272,872 | 182,585 | - | - | 272,872 | 182,585 |
| Other non-interest bearing receivables | 8,916 | 19,847 | - | - | - | - | 8,916 | 19,847 |
| **Total anticipated inflows** | **227,638** | **456,445** | **272,872** | **182,585** | **-** | **-** | **500,510** | **639,030** |
| **Net (outflow)/inflow on financial instruments** | **132,393** | **213,745** | **272,872** | **182,585** | **-** | **-** | **405,265** | **396,330** |

### Market risk

*Interest rate risk*

The Group's exposure to market risk primarily consist of financial risks associated with changes in interest rates as detailed below. As the level of risk is low, the Group does not use any derivatives to hedge its exposure. Market risks are managed through cash flow forecasts and sensitivity analysis on a regular basis.

The Group is exposed to interest rate risks as it holds funds at both fixed and variable interest rates. The risk is managed through the use of cash flow forecasts supplemented by sensitivity analysis.

The Group currently holds no amounts of borrowed funds.

*Interest rate sensitivity analysis*

A sensitivity analysis has been determined based on the exposure to interest rates at reporting date with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

| | Consolidated | |
|---|---|---|
| | Profit | Equity |
| | $ | $ |
| Year ended 30 June 2017 | | |
| +/- 0.5% in interest rates | 1,094 | 1,094 |
| Year ended 30 June 2016 | | |
| +/- 0.5% in interest rates | 2,183 | 2,183 |

There have been no changes in any methods or assumptions used to prepare the above analysis from the previous year.

## **Note 26** Financial risk management *(continued)*

### Fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at cost less any accumulated impairments in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- Holdings in unlisted shares are measured at cost less any impairments. The directors consider that no other measure could be used reliably;
- Other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

### Fair value estimation

The fair value of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (i.e. term receivables, held-to-maturity assets), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | |
| Cash and cash equivalents | 218,722 | 218,722 | 436,598 | 436,598 |
| Loans and other receivables | 239,214 | 239,214 | 182,585 | 182,585 |
| Other non-interest bearing receivables | 8,916 | 8,916 | 19,847 | 19,847 |
| **Total financial assets** | **466,852** | **466,852** | **639,030** | **639,030** |
| **Financial liabilities** | | | | |
| Trade and other payables | 95,245 | 95,245 | 242,700 | 242,700 |
| **Total financial liabilities** | **95,245** | **95,245** | **242,700** | **242,700** |

The fair values disclosed in the above table have been determined based on the following methodologies:

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables excludes amounts provided for annual leave, which is outside the scope of AASB 139.

### Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Statement of Financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

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

## Note 26 Financial risk management *(continued)*

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Consolidated** | $ | $ | $ | $ |
| **2017** | | | | |
| **Financial assets** | | | | |
| *Cash and cash equivalents* | | | | |
| Cash on hand and fixed interest deposits | - | 218,722 | - | 218,722 |
| **2016** | | | | |
| **Financial assets** | | | | |
| *Cash and cash equivalents* | | | | |
| Cash on hand and fixed interest deposits | - | 436,598 | - | 436,598 |

## Note 27 Reserves

### Equity - settled benefits reserve

The equity-settled benefits reserve is used to recognise the fair value options issued to Directors, employees and third parties.

| | Consolidated | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| Balance at beginning of financial year | 193,060 | 386,158 |
| Share-based payments reclassified | (182,050) | (193,098) |
| **Balance at end of financial year** | **11,010** | **193,060** |

## Note 28 Company details

### Registered office of the Company:

Level 6, 412 Collins Street,
Melbourne, Victoria.

### Principal place of business:

4 Bryant Street,
Corryong, Victoria.

### Share Registry:

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne Vic 3000
Phone: +61 1300 554 474
Fax: +61 2 9287 0303

# Directors' Declaration

ln accordance with a resolution of the directors of Dart Mining NL, the Directors of the Company declare that:

1 the financial statements and notes, as set out on pages 14 to 39, are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards which, as stated in accounting policy note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (lFRS); and

(b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group:

2 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

3 the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer

The Company and a wholly-owned subsidiary, Dart Resources Pty Ltd, have entered into a deed of cross guarantee under which the Company and its subsidiary guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.



**James Chirnside**
*Chairman*



**Luke Robinson**
*Director*



**Russell Simpson**
*Director*

Melbourne
20 September 2017

msi RAGG WEIR
Chartered Accountants

Level 2
108 Power Street
Hawthorn Victoria
Australia

T +613 9819 4011
F +613 9819 6780
W raggweir.com.au
E info@raggweir.com.au

Postal Address: PO Box 325 Hawthorn Victoria 3122

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DART MINING NL

## Report on the Financial Report

### Opinion

We have audited the financial report of DART Mining NL, (the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

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

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **1) Carrying value of Deferred Exploration and Evaluation Costs**<br>Refer to Note 14 ($8,300,387) | |
| Deferred Exploration and Evaluation Costs relate to costs incurred in relation to the various tenements. For the financial year ended 30 June 2017, the Directors have assessed and determined that no impairment is required. | The auditor's procedures included obtaining a copy of the Directors' assessment of the carrying value of Deferred Exploration and Evaluations Costs and reviewing geological reports. |

msi RAGG WEIR
Chartered Accountants

Level 2
108 Power Street
Hawthorn Victoria
Australia

T +613 9819 4011
F +613 9819 6780
W raggweir.com.au
E info@raggweir.com.au

Postal Address: PO Box 325 Hawthorn Victoria 3122

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DART MINING NL

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

### Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of DART Mining NL, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MSI RAGG WEIR
Chartered Accountants

I.L. JENKINS
Partner

Melbourne: 22 September 2017

A member of
msi Global Alliance
Independent legal & accounting firms

LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

# ASX Addititional Information

Additional information required by the Australian Securities Exchange Ltd Listing Rules and not disclosed elsewhere in this report is as follows. The information is current as at 5 September 2017.

## Twenty largest shareholders

| Rank | Name of holder | No. of ordinary shares held | Issued Capital % |
|---|---|---|---|
| 1 | KALAN SEVEN PTY LTD | 42,615,801 | 10.36 |
| 2 | MR RUSSELL SIMPSON & MRS ELIZABETH SIMPSON & MS MEREDITH SIMPSON | 16,716,464 | 4.06 |
| 3 | MR RUSSELL SIMPSON & MRS ELIZABETH SIMPSON & MS MEREDITH SIMPSON | 15,670,331 | 3.81 |
| 4 | MR PHILIP ALAN KENNETH NAYLOR & MRS ANDREA NAYLOR | 14,318,481 | 3.48 |
| 5 | MR PAUL DOMINIC FERGUSON | 10,835,083 | 2.63 |
| 6 | SPECIALISED ALLOYS SERVICES PTY LTD | 9,990,099 | 2.43 |
| 7 | MR DUANE LAWRENCE HICKS | 9,815,246 | 2.39 |
| 8 | J P MORGAN NOMINEES AUSTRALIA LIMITED | 8,678,814 | 2.11 |
| 9 | PICTON COVE PTY LTD | 7,692,320 | 1.87 |
| 10 | MR DANNY EU HUAT KHOO | 5,547,000 | 1.26 |
| 11 | CITICORP NOMINEES PTY LIMITED | 5,004,469 | 1.22 |
| 12 | NORTH EAST GEOLOGICAL CONTRACTORS PTY LTD | 4,459,179 | 1.08 |
| 13 | MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI | 4,000,000 | 0.97 |
| 13 | MR GRAHAM BRADSHAW | 4,000,000 | 0.97 |
| 14 | HERITAGE PACIFIC PTY LTD | 3,500,000 | 0.85 |
| 15 | MRS MEREDITH HILARY LYONS | 3,463,173 | 0.84 |
| 16 | B HOCHWIMMER & ASSOCIATES PTY LTD | 3,250,483 | 0.79 |
| 17 | COVEN-SA LTD | 3,200,000 | 0.78 |
| 18 | MR RICHARD ANTHONY DOWNIE | 3,076,961 | 0.75 |
| 19 | RAMTEX PTY LTD | 3,076,930 | 0.75 |
| 20 | ARISION PTY LTD | 3,000,000 | 0.73 |
| 20 | MR JAMES PATRICK TUITE & MRS WENDY TUITE | 3,000,000 | 0.73 |
| 20 | MR GRAHAM LAYTON ROSEN TEAL | 3,000,000 | 0.73 |
| 20 | ESSELMONT PTY LIMITED | 3,000,000 | 0.73 |
| 20 | MR PHILIP ALAN KENNETH NAYLOR & MR RAYMOND JAMES SHAW | 3,000,000 | 0.73 |
| 20 | MISS BARBARA MARY FREEMAN | 3,000,000 | 0.73 |
| 20 | COMSEC NOMINEES PTY LIMITED | 3,000,000 | 0.04 |
| **Total** | | **199,910,834** | **48.58** |

## Shares on issue

Ordinary fully paid shares 411,485,049

## Substantial Shareholders

Substantial shareholders as advised to the Company are set out below:

| Name | No. of Ordinary Shares | Percentage of Issued Capital |
|---|---|---|
| Mr P.A.K. Naylor | 63,691,763 | 15.5 |
| MR RUSSELL SIMPSON & MRS ELIZABETH SIMPSON & MS MEREDITH SIMPSON | 32,386,795 | 7.9 |

# ASX Addititional Information

## Distribution of member holdings

| | | Ordinary shares |
|---|---|---|
| Size of holding | No of holders | No of shares |
| 1 – 1,000 | 55 | 9,501 |
| 1,001 – 5,000 | 82 | 312,344 |
| 5,001 – 10,000 | 213 | 1,851,130 |
| 10,001 – 100,000 | 650 | 27,023,950 |
| 100,001 and over | 372 | 382,288,124 |
| Total Holders | 1,372 | 411,485,049 |

The number of security investors holding less than a marketable parcel of securities is 932 with a combined total of 22,566,514 securities.

## Voting Rights

All shares carry one vote per share without restriction.

## Tenement schedule

| Tenement number | Licensed holder | Name & region of subject of licence |
|---|---|---|
| EL 4724 | Dart Mining NL | Buckland, North-east Victoria including Fairleys prospect |
| EL 4726 | Dart Mining NL | Dart, North-east Victoria including Mountain View, Elliot, Morgan and Unicorn prospects |
| EL 5467 | Dart Mining NL | McCormack's, North-east Victoria. |
| EL 5468 | Dart Mining NL | Upper Murray, North-east Victoria. |
| EL 5058 | Dart Mining NL | Cudgewa and Koetong, North-east Victoria abutting Dart EL |
| EL 5194 | Dart Mining NL | Mt. Alfred, North-east Victoria abutting Dart EL |
| ML 5559 | Dart Mining NL | Mountain View, North-east Victoria |
| EL 6277 | Dart Mining NL | Empress, North-east Victoria |
| EL 6300 | Dart Mining NL | Eskdale, North-east Victoria |
| EL 4697 | Northern Mine | Beechworth, North-east Victoria (joint venture tenement) |
| EL 5315 | Northern Mine | Mitta, North-east Victoria (joint venture tenement) |
| MIN 5538 | Northern Mine | Rushworth, Central Victoria (joint venture tenement) |
| MIN 5306 | Northern Mine | Rushworth, Central Victoria (joint venture tenement) |
| MIN 5246 | Northern Mine | Rushworth, Central Victoria (joint venture tenement) |