



ABN 86 125 049 550

Annual Report
For the year ended 30 June 2017

CORPORATE DIRECTORY

ABN 86 125 049 550

Directors

Seamus Cornelius (Non-Executive Chairman)

Eamon Hannon (Managing Director)

Anthony Maslin (Non-Executive Director)

Feng Xue (Non-Executive Director)

Stuart Fogarty (Non-Executive Director)

Chief Executive Officer

Eamon Hannon

Company Secretary

Sam Wright

Registered Office

Suite 1, First Floor

14 – 16 Rowland Street

SUBIACO WA 6008

Principal Place of Business

Suite 1, First Floor

14 – 16 Rowland Street

SUBIACO WA 6008

Telephone: +61 8 9380 6063

Facsimile: +61 8 9381 4056

Postal Address

PO Box 9028

SUBIACO WA 6008

Solicitors

Fairweather Corporate Lawyers

595 Stirling Highway

Cottesloe, Western Australia 6011

Share Register

Computershare Investor Services Pty Limited

Level 2, 45 St George's Terrace

Perth, Western Australia 6000

Telephone: +61 8 9323 2000

Auditors

Rothsay Chartered Accountants

Level 1, Lincoln Building

4 Ventnor Avenue

WEST PERTH WA 6005

Stock Exchange

Australian Securities Exchange

Level 40 Central Park

152 – 158 St Gorges Terrace

Perth, Western Australia 6000

ASX code: BUX, BUXO

Website Address

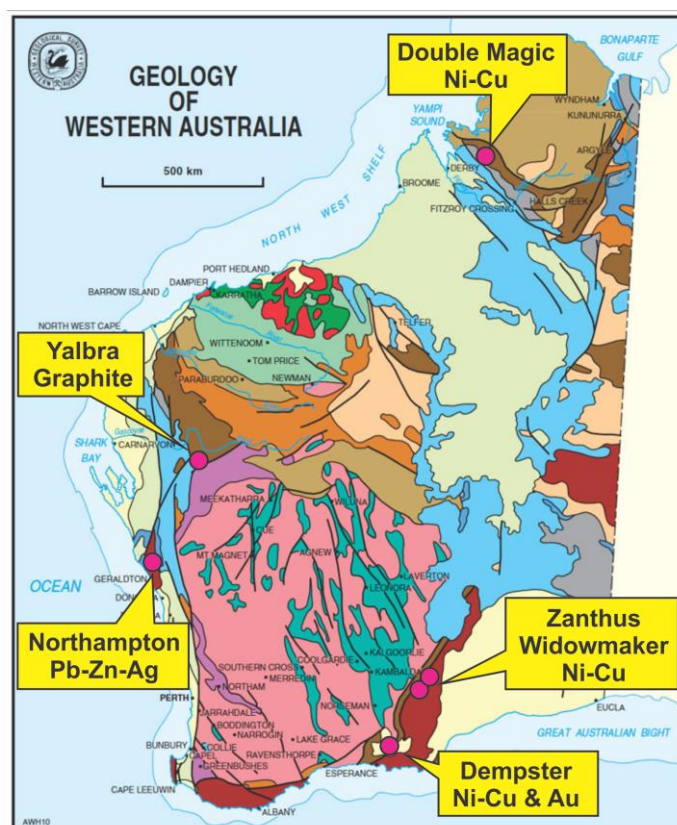
www.buxtonresources.com.au



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CONTENTS

Letter from the Chairman	4
Review of Operations	5
Directors' Report	11
Auditors' Independence Declaration	23
Corporate Governance Statement	24
Statement of Profit or Loss and Other Comprehensive Income	25
Statement of Financial Position	26
Statement of Changes in Equity	27
Statement of Cash Flows	28
Notes to the Financial Statements	29
Directors' Declaration	43
Independent Audit Report	44
ASX Additional Information	47



Location of Buxton's exploration projects.

Letter from the Chairman

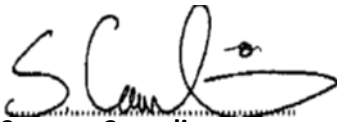
Dear Fellow Shareholder,

On behalf of my fellow directors, it is with pleasure I present to you Buxton Resources Limited's Annual Report for the financial year ended 30 June 2017.

Buxton is well funded and has a tight capital structure which should mean shareholders are well placed to increase their wealth should the company have exploration success. Buxton has several projects with upside potential, through which we will try to realise value for shareholders.

I believe we have a Board and a group of consultants who have the knowledge, breadth of experience and determination to fulfil the objectives of the Company.

I would like to thank the Board, geology team and corporate advisors for their efforts over the past year. Similarly, the Board would like to thank Buxton shareholders for their continued support of the Company.



Seamus Cornelius

Non-Executive Chairman

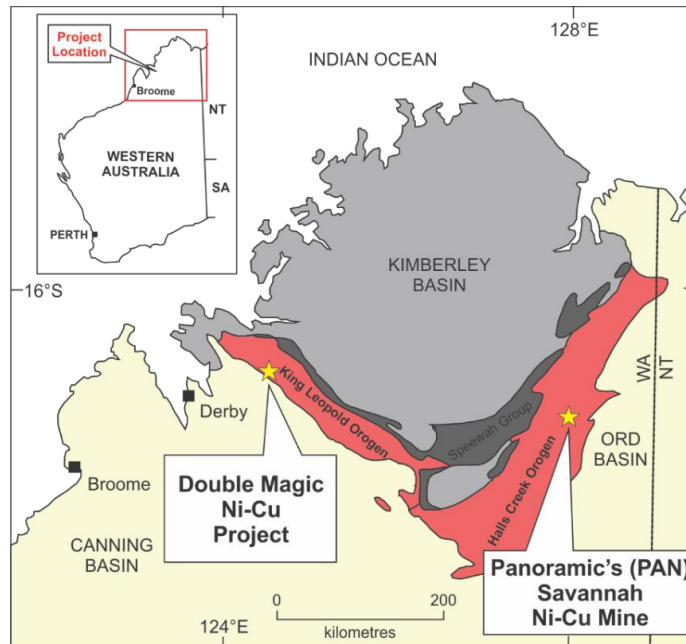


Figure 1 – Location of the Double Magic Ni-Cu Project in Western Australia. Also shown is the location of Panoramic's Savannah Ni-Cu Mine.

Review of Operations

Double Magic Ni & Cu – West Kimberley

Buxton Resources is pleased to provide an update for its 100% owned nickel-copper projects (Double Magic and Sentinel) located in the West Kimberley region of Western Australia. For project locations, see Figure 1 above. For prospect locations within the Double Magic Project, see Figure 2 below.

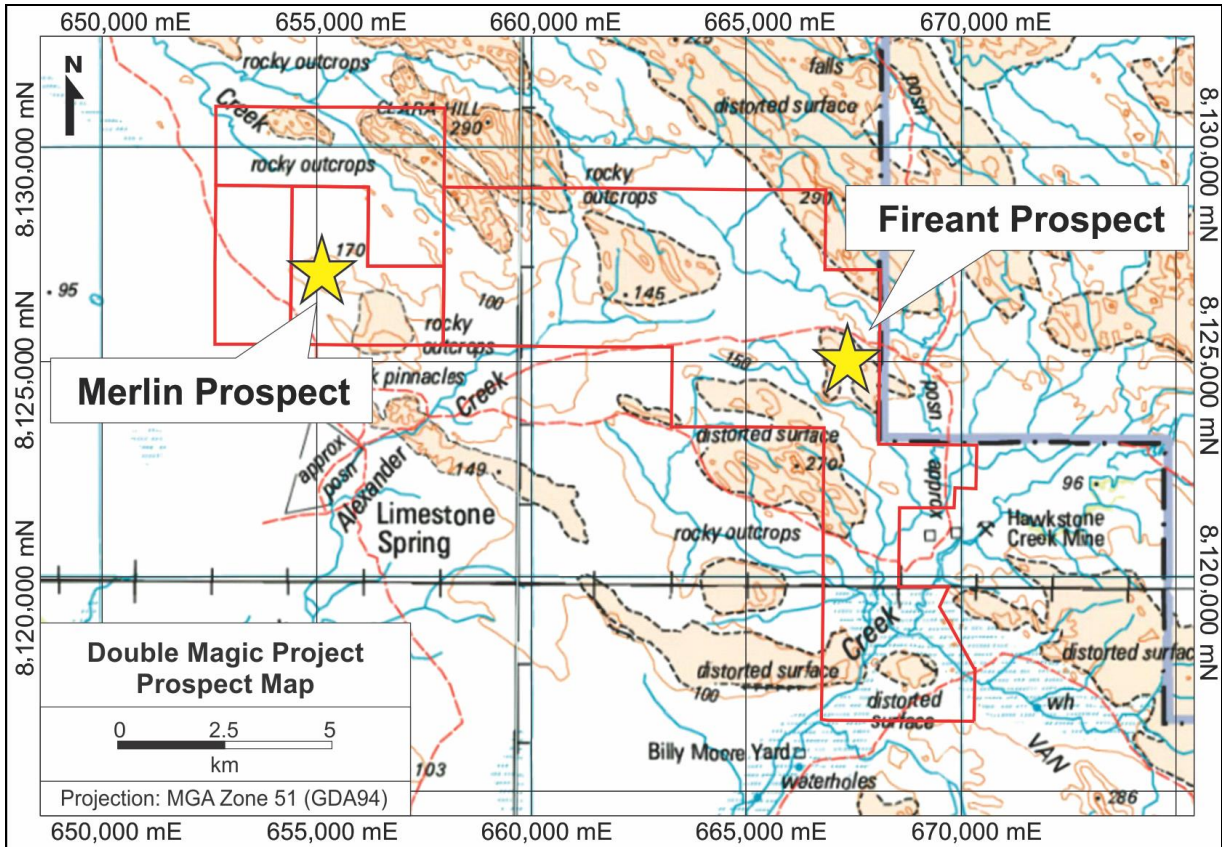


Figure 2 – Location of Double Magic prospect areas

During the year, Buxton prepared for the planned 10,000 metre RC and diamond drilling campaign. Programs of Work were approved by the DMP, drilling and earthmoving contracts let and personnel engaged on that assumed schedule.

After a prolonged 2016-17 Wet season, Buxton re-established site access and drilling began at Merlin with up to 10,000m of both RC and DD from circa 30 holes to be completed. Drill targets fall into three distinct but often overlapping categories;

- 1) Step-out drilling around open, near-surface mineralisation identified by the 2015 drilling;
- 2) Testing down-dip extensions of the 700m continuous zone of primary Ni-Cu sulphides identified in outcrop during 2016 (ASX 2/11/16)
- 3) Testing deeper or conceptual geological and geophysical targets, including the large IP chargeability anomaly identified by Buxton in 2016.

Importantly, all EM conductors (airborne, surface and down-hole) drill tested to date at Merlin have proven to be related to nickel-copper sulphide mineralisation. Two 2015 holes also clipped the edge of the 2016 IP chargeability anomaly, these holes also intersected disseminated, magmatic Ni-Cu sulphides in prospective igneous mafic rocks.

Review of Operations

Coupled with sulphide mineralisation in outcrop in two locations and the numerous, widespread high-grade Ni-Cu intersections in 2015 drilling (see Figure 3 below), Buxton is confident that the Merlin prospect represents a large, previously unknown magmatic Ni-Cu sulphide system. The 2017 program beginning now is designed to explore within that system.

As a routine part of the drill program, gyro surveys will be conducted on all holes as well as high-power down-hole TEM (DHTEM) surveys. Drill samples will be submitted routinely in batches to laboratories in Perth. Significant assay results will be reported as they come to hand. Additional market updates will also be issued as required.

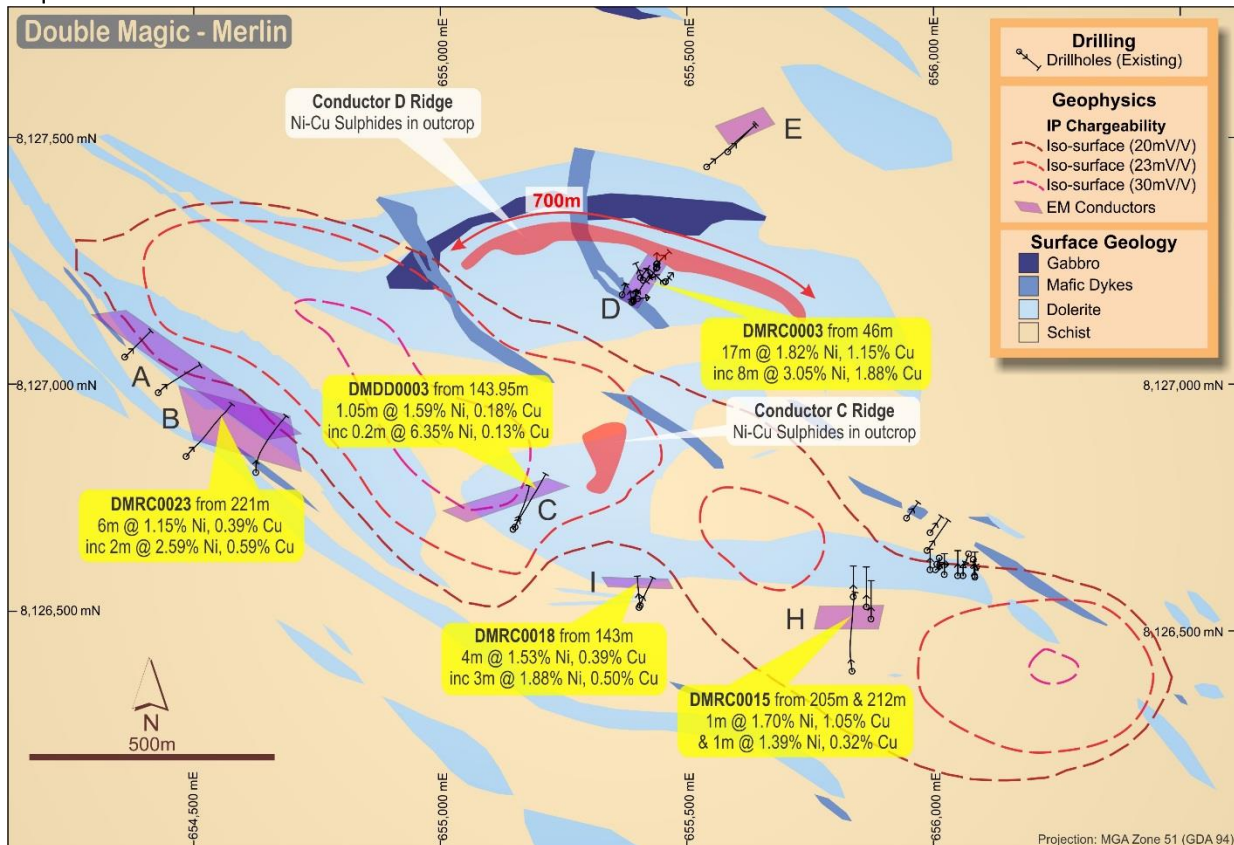


Figure 3 – Simplified geology, geophysical responses, and previously reported 2015 drillhole intersections, Merlin Prospect

As part of mapping and sampling completed during June at the Fireant prospect 15km to the east, several geophysical (VTEM) drill targets were upgraded in prospectivity. Large volumes of prospective igneous mafic rocks have now been outlined at Fireant. Traces of fine disseminated sulphides were seen in rocks prospective for magmatic sulphide systems, updip of several modelled VTEM conductor plates. A seventh combined geological and geophysical target was also added to the initial six Fireant conductors selected for drill testing, planned to be one initial hole per target.

On 27 September 2017, Buxton provided an update on drillhole DMDD0014, targeting the previously-reported highly conductive DHTEM anomaly identified off hole DMDD0012 (ASX 20/9/17).

DMDD0014 has intersected a broad mineralised zone of 14m (from 310m down-hole) that includes 2 metres of brecciated massive Ni-Cu sulphides (Fig 4) and 5 metres of associated net-textured Ni-Cu sulphide mineralisation (Fig 5). This intercept coincides with the previously-reported modelled DHTEM plate off DMDD0012, is approximately 65m down dip/plunge from the stringer and massive sulphide vein intersected in that hole, and is approximately 290m below the topographic surface.

Review of Operations



Figure 4 – Brecciated massive sulphide mineralisation in Ruins Dolerite intersected in DMDD0014, photo is of uncut HQ core, 318.5m to 319m downhole

With 32 holes now completed in this current program, drilling has been suspended to allow time for receipt of further assays, completion of downhole EM (DHTEM) surveying and modelling, and the approval of further drill pad clearing (POWs). Due to these variables and the late stage of the 2017 field season, at this stage the Company is unable to advise an immediate likely date for recommencement of drilling.



Figure 5 – Net-textured or matrix Ni-Cu sulphide mineralisation in Ruins Dolerite intercepted in DMDD0014, photo is of uncut HQ core, 311.40m to 311.60m downhole

Review of Operations

Technical Discussion and Emerging Targets

Massive sulphide Ni-Cu mineralisation has been intersected several times previously at the Merlin Prospect, most notably in August 2015 (DMRC0003). However, this new and substantial intersection in DMDD0014 exhibits the first direct evidence at Merlin of brecciation within a mineralised zone.

The presence of brecciated sulphides indicates forceful injection or re-working of sulphides in a high-energy magmatic environment, something usually considered an essential part of the processes involved in forming large, high-grade magmatic sulphide deposits. This discovery of brecciated sulphides at Merlin is therefore a very strong confirmation of the genetic model, and consequent prospectivity, of the Merlin mineralised system.

High-power DTEM surveying and modelling is presently being undertaken on DMDD0014 using three differently-configured transmitter loops. Initial results are complex, indicating a conductor or possible series of conductors with complex geometry, orientation, and/or extents.

Given the depth, variable drillhole deviation already noted, and apparent complex geometry and/or orientation of conductors, Buxton has elected to suspend drilling until all possible down-hole surveys have been completed, geophysical modelling is finalised, and results have been assessed in the context of the geological and genetic models.

Zanthus/Widowmaker Project Ni & Cu – Fraser Range

On 24 August 2016, Buxton announced that it has entered into a joint venture agreement with Independence Group NL (ASX: IGO) in respect of its Zanthus (E28/1959) and Widowmaker (E28/2201) tenements (the Tenements) located in the Fraser Range, Western Australia (Figure 6).

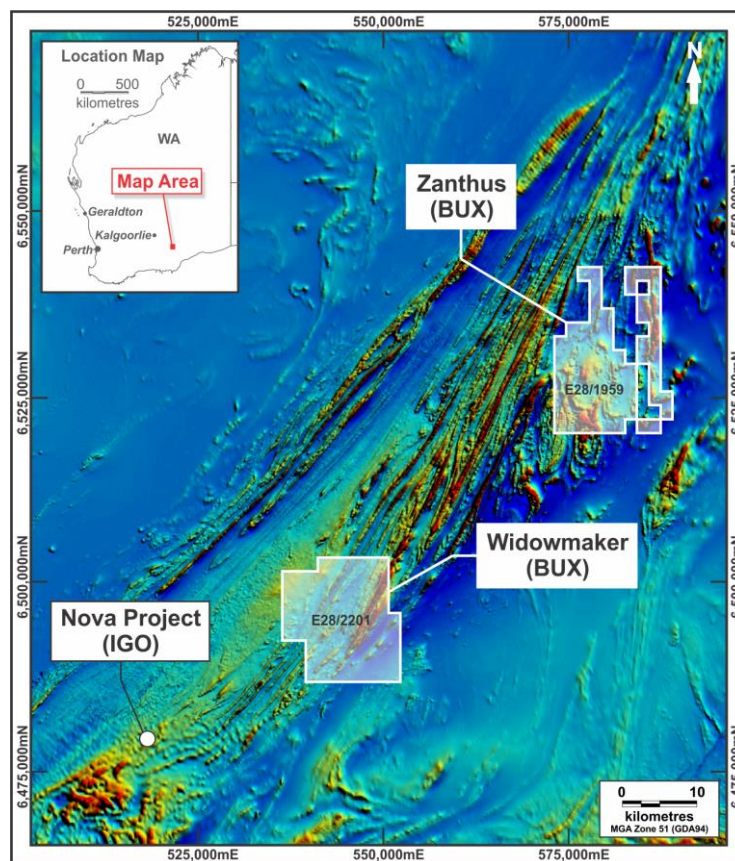


Figure 6: Location of the Tenements in the Fraser Range, Western Australia

Review of Operations

Buxton's Managing Director, Mr Eamon Hannon said "The formation of this joint venture in the Fraser Range with Independence Group is a great result for Buxton shareholders. Buxton has received \$1.5 million in cash and will be free carried on all expenditure until a Decision to Mine is made on the Tenements – at which point Buxton will have a 10% interest in possibly a world-class nickel deposit. We are excited about the potential upside from this joint venture.

The Fraser Range is a highly prospective ground package, however requires the significant financial resources of a leading diversified mining house like Independence Group to undertake aggressive exploration campaigns.

The joint venture will enable Buxton to achieve considerable cost and administrative savings and help fast-track its highly promising flagship Double Magic Project in the Kimberley region of Western Australia."

Under the terms of the joint venture agreement, Buxton grants to IGO the sole and exclusive right to acquire a 90% interest in the Tenements by IGO immediately paying \$1.5 million in cash. Buxton will maintain a 10% interest in the Tenements.

Buxton and IGO will associate in an unincorporated joint venture for the purpose of exploring, and if warranted, developing and mining the Tenements in relation to all minerals other than iron ore. Buxton shall be free-carried by IGO until such time as a Decision to Mine is made in respect of the Tenements.

At this point, Buxton may elect to either participate in development by contributing capital pro-rata based on its JV interest, have its remaining 10% interest purchased by IGO for market value, or dilute to a Net Smelter Return Royalty (NSR).

The parties agree that IGO will grant to Buxton the exclusive right to explore and develop iron ore on the Tenements. The terms of such an exclusive right are to be finalised in a formal agreement to be entered into at the same time as the formal exploration joint venture agreement is completed.

Buxton's 100% owned Zanthus Magnetite Project is located on the Tenements and contains an Initial Inferred JORC Resource of 103.6Mt at 26.5% Fe, with good potential to expand the resource. The Zanthus Ni-Cu Project is located approximately 60km along strike from IGO's Nova Ni-Cu-Co Project in the emerging Fraser Range Nickel Province, Western Australia. The project covers an area of 367km². Gravity data was gathered over an area of 137km² of the potential gneiss units interpreted as being similar to those that host "the Eye" mafic - ultramafic intrusive that contains the Nova-Bollinger deposit.

Buxton's Widowmaker Project is also located in the Fraser Range and covers an area of approximately 225km². The Fraser Range Nickel Province is host to a number of significant discoveries, most notably IGO's Nova Project with Buxton's Widowmaker Project located 22km along strike.

Approximately 15km of strike length of the favourable lithological host-rock package is interpreted to underlie the Widowmaker Project with multiple, significant Ni, Cu and PGE anomalies identified in a historical calcrete soil sampling database.

Review of Operations

COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration results and geology for the Double Magic Project previously reported under the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves based on information compiled by Mr Rolf Forster, Member of the Australasian Institute of Mining and Metallurgy, and Mr Derek Marshall, Member of the Australian Institute of Geoscientists. Mr Foster is an independent consultant to Buxton Resources Limited and Mr Marshall is a full-time employee. Mr Foster and Mr Marshall have sufficient experience which is relevant to activity being undertaken to qualify as a “competent person”, as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Foster and Mr Marshall consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to exploration results and geology for the Zanthus project is based on information previously reported under the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves based on information compiled and/or reviewed by Mr Eamon Hannan, Fellow of the Australian Institute of Geoscientists and Managing Director of Buxton Resources Limited. No material changes have occurred to this information. Mr Hannan has sufficient experience which is relevant to the activity being undertaken to qualify as a “Competent Person”, as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion in this report of the matters reviewed by him in the form and context in which they appear.

Review of Operations

CORPORATE

During the year the Company issued a total of 247,863 shares to geological consultants in lieu of payment for services rendered on the Double Magic project.

In November 2016 the Company issued 5,900,000 unlisted incentive options to directors, staff and consultants. The options are exercisable at 15 cents and expire on 30 November 2019.

In May 2017 the Company issued a total of 400,000 shares on the exercise of options raising a total of \$51,000.

Also in May 2017 the Company issued 19,790,038 shares in a placement to professional and sophisticated investors raising the sum of \$4,551,708 before issue costs. The funds will be used for drilling programmes on the Double Magic project, continued exploration in the West Kimberley and for working capital purposes.

During the year the Company successfully applied to participate in the Federal Government's Exploration and Development Incentive Scheme (EDI). On 30 June 2017 Buxton distributed EDI credits of \$188,298 (2016: 259,604.10) to eligible shareholders. Shareholders will receive the benefit pro-rata based on the number of shares held as a proportion of the total shares on issue as at 31 May 2017.

ANNUAL GENERAL MEETING

Buxton held its Annual General Meeting of Shareholders on 21 November 2016 at Steve's Wine Cellar, 30 The Avenue, Nedlands, Western Australia and all resolutions that were put were unanimously passed on a show of hands.

Directors' Report

Your directors submit their report for the year ended 30 June 2017.

DIRECTORS

The names of the Company's directors in office during the year and until the date of this report are as follows:

Mr Seamus Cornelius - Non-Executive Chairman

Mr Eamon Hannon - Managing Director

Mr Anthony Maslin - Non-Executive Director

Mr Feng Xue – Non –Executive Director

Mr Stuart Fogarty - Non-Executive Director (appointed 15 March 2017)

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

COMPANY SECRETARY

Mr Sam Wright

INFORMATION ON DIRECTORS

Mr Seamus Cornelius - Non-Executive Chairman

Qualifications: B.Juris, LLB, LLM

Mr Cornelius brings to the Board 21 years of corporate experience in both legal and commercial negotiations. Mr Cornelius has been living and working as a corporate lawyer in China for 17 years. He has been based in Shanghai and Beijing since 1993. From 2000 to 2010 he was an international partner with one of Australia's leading law firms and specialized in dealing with cross border investments, particularly in energy and resources. Mr Cornelius has for many years advised large international companies on their investments in China and in recent years has advised Chinese state owned entities on their investments in natural resource projects outside of China including in Australia.

As well as Buxton Resources Limited, Mr Cornelius is also currently the Chairman of ASX listed Duketon Mining Limited (ASX: DKM), Montezuma Mining Limited (ASX: MZM) and Danakali Limited (ASX:DNK).

Mr Eamon Hannon - Managing Director

Qualifications: BSc (Geol)

Mr Hannon, a geologist and Fellow of the AusIMM, has a wealth of experience within the minerals industry from grass roots exploration through to project development., Having previously worked for Fortescue Metals Group (ASX: FMG) from early 2004 to late 2012 in the role of Director, Exploration and Evaluation, he lead the teams to delineate in excess of 10 billion tons of iron ore resources and greater than 1 billion tons of iron ore reserves.

Directors' Report

During his 20 years of experience, Mr Hannon has explored for and developed gold, base metals and industrial materials over 4 continents and more than 10 countries including Tanzania, Mexico, Mongolia, New Zealand, Sweden and Australia. He was integral to the major mining development of the Svartliden gold mine in Scandinavia. In addition, Mr Hannon was the Director for the Bankable Feasibility Study of Fortescue Metals Group's Solomon mine. The Solomon mine at 60 million tons per annum iron ore production was the single biggest tonnage start up mine in Australia's mining history. The feasibility was signed off for construction by the Fortescue Board with full Environmental Approval in under 18 months.

During the past 3 years Mr Hannon has not served as a director of any other listed company.

Mr Anthony Maslin - Non-Executive Director

Qualifications: B.Bus (Finance and Enterprise)

Mr Maslin brings to the Board 20 years of corporate experience in both management and promotion, along with an extensive understanding of financial markets.

In his 6 years as a stockbroker at Hartley Poynton Stockbrokers in Perth, Mr Maslin was instrumental in the capital raisings and promotion of several resource development companies. In the subsequent 7 years in his role as founding Managing Director of Solar Energy Systems Ltd (Now Solco Ltd (ASX Code: SOO)) he had significant experience in capital raisings and management of both people and projects. Mr Maslin has also worked as a corporate promotion consultant to a number of listed companies.

During the past 3 years Mr Maslin served as a Non-Executive Director of ASX listed Pancontinental Oil & Gas NL (ASX: PCL) and resigned 15 Jan 2016.

Mr Feng Xue - Non-Executive Director

Mr. Xue is an experienced mining executive and entrepreneur based in Shanghai. He currently serves as one of the experts on the strategic decision committee of China CEFC Energy Company Limited and as the General Manager of Projects Management & Procurement Centre of China CEFC Energy Company Limited.

During the past 3 years Mr Xue has not served as a director of any other listed company.

Mr Stuart Fogarty - Non-Executive Director (appointed 15 March 2017)

Qualifications: B.Sc (Geology) (Hons)

Mr Fogarty has over 20 years of exploration experience with BHP Billiton and Western Mining Corporation. Stuart was BHP's Senior Exploration Manager for North and South America and currently serves as the Managing Director of Duketon Mining.

Mr Fogarty has a very strong background in nickel exploration, having commenced his career at Kambalda Nickel Operations in 1994. He has had senior roles with BHP including Senior Geoscientist for nickel exploration in the Leinster and Mt Keith region, Project Manager WA Nickel Brownfields and Regional Manager Australia/Asia where he was responsible for \$100 million per annum exploration budget.

More recently, Mr Fogarty was a Non-executive Director of Windward Resources during the successful takeover of the company by Independence Group.

Directors' Report

Mr Sam Wright - Company Secretary

Mr Wright is experienced in the administration of ASX listed companies, corporate governance and corporate finance. He is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Chartered Secretaries of Australia.

Mr Wright is currently a Non-Executive Director and Company Secretary of ASX listed company, PharmAust Limited. He is also Company Secretary for ASX listed company Structural Monitoring Systems plc. Mr Wright has also filled the role of Director and Company Secretary with a number of unlisted companies.

Mr Wright has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, and shareholder relations with both retail and institutional investors.

Mr Wright is the Managing Director of Perth-based corporate advisory firm Straight Lines Consultancy, specialising in the provision of corporate services to public companies.

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

As at the date of this report, the interests of the directors in the shares and options of Buxton Resources Limited were:

	Ordinary shares	Options over Ordinary Shares Unlisted
Seamus Cornelius	1,432,055	3,100,000
Eamon Hannon	350,000	4,200,000
Anthony Maslin	791,197	3,600,000
Feng Xue	-	800,000
Stuart Fogarty	-	1,100,000

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were the acquisition of mining tenements, and the exploration and evaluation of these tenements with the objective of identifying economic mineral deposits.

DIVIDENDS

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

Directors' Report

OPERATING AND FINANCIAL REVIEW

Finance Review

At the reporting date the Company has cash and other financial assets available of \$5,221,125 (2016: \$1,502,221). Funds are being used to actively pursue the Company's exploration projects.

During the year total exploration expenditure incurred by the Company amounted to \$1,217,602 (2016: \$1,870,382). In line with the Company's accounting policies, all exploration expenditure is written off as incurred. The operating loss after income tax for the year ended 30 June 2017 was \$1,064,800 (2016: \$2,862,821).

During the year the Company issued 5,900,000 unlisted options to Directors, employees and consultants. The options have an exercise price of 15 cents and an expiry date of 30 November 2019.

Also during the year, in May 2017 the Company issued 19,790,038 shares in a placement to professional and sophisticated investors raising the sum of \$4,551,708 before issue costs. The funds will be used for drilling programmes on the Double Magic project, continued exploration in the West Kimberley and for working capital purposes.

Operating Results for the Year

Summarised operating results are as follows:

	2017	
	Revenues	Results
	\$	\$
Revenues and loss from ordinary activities before income tax expense	1,525,428	(1,064,800)

Shareholder Returns

	2017	2016
Basic loss per share (cents)	(1.16)	(3.26)

Risk Management

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

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

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

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

Directors' Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to the balance date, on 9 July the Company commenced drilling at the Double Magic project, Merlin prospect.

On 3 August 2017 1million shares were issued on the exercise of options exercisable at 12.5 cents per option raising \$125,000 for the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

Directors' Report

REMUNERATION REPORT (Audited)

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Buxton Resources Limited for the financial year ended 30 June 2017. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

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

Key Management Personnel

The directors and other key management personnel of the Company during or since the end of the financial year were:

Directors

Seamus Cornelius – Non-Executive Chairman

Eamon Hannon - Managing Director

Anthony Maslin – Non-Executive director

Feng Xue – Non-Executive Director

Stuart Fogarty – Non-Executive director (appointed 15th March 2017)

Except as noted, the named persons held their current positions for the whole of the financial year and since the financial year.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Buxton Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The board of Buxton Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

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

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

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

The relevant directors and executive receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

Directors' Report

REMUNERATION REPORT (Audited) (continued)

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

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance based remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance.

Details of remuneration

Details of the remuneration of the directors, the key management personnel (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Buxton Resources Limited are set out in the following table.

The key management personnel of Buxton Resources Limited include the directors as per page 18 above.

Given the size and nature of operations of Buxton Resources Limited, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Directors' Report

Remuneration of Key management personnel

Key Management Personnel remuneration for the years ended 30 June 2017 and 30 June 2016:

	Short-term		Post-employment	Share based payments	Total	Value of options as proportion of remuneration %
	Salary & Fees \$	Non-Monetary \$	Superannuation \$	Share options \$		
Directors						
Seamus Cornelius						
2017	40,000	-	-	66,618	106,618	62.48
2016	40,000	-	-	53,268	93,268	57.11
Eamon Hannon ⁽¹⁾						
2017	150,000	-	14,250	99,928	264,178	37.83
2016	141,250	-	13,419	88,779	243,448	36.47
Anthony Maslin						
2017	25,000	-	2,375	66,618	93,993	70.88
2016	25,000	-	2,375	53,268	80,643	66.05
Feng Xue ⁽²⁾						
2017	25,000	-	-	66,618	91,618	72.71
2016	3,356	-	-	-	3,356	-
Liu Xing Zhou ⁽³⁾						
2016	12,500	-	-	53,268	65,768	80.99
Julian Stephens ⁽⁴⁾						
2016	17,493	-	-	-	17,493	-
Stuart Fogarty ⁽⁵⁾						
2017	16,250	-	594	-	16,250	-
Directors total						
2017	256,250	-	17,219	299,782	573,251	52.30
2016	239,599	-	9,738	263,045	654,008	40.22

(1) Appointed MD 22 February 2016

(2) Appointed 13 May 2016

(3) Resigned 13 May 2016

(4) 2016 fees include \$15,181 in exploration consulting fees. Resigned 12 August 2015

(5) Includes exploration consulting fees of \$10,000. Appointed 15 March 2017

Directors' Report

Service agreements

The Company has an Executive Service Agreement with Mr Eamon Hannon.

Under the Agreement, Mr Hannon is engaged by the Company to provide services to the Company in the capacity of Chief Executive Officer for a period of 12 months upon which time the Board will conduct a performance review. Mr Hannon is paid a salary of \$150,000, plus statutory superannuation.

At any time either party may terminate the agreement without cause on 45 days written notice. There is no termination period over and above the Company's statutory obligations.

Share-based compensation

Share-based compensation amounting to \$299,782 was paid to key management personnel during the year (2016: \$248,583), comprising 3,600,000 unlisted options exercisable at 15 cents per option and expiring 30 November 2019. The options vested immediately.

Share-based payments granted as compensation to key management personnel during the current financial year:

			Vested	% of grant	% of grant	Percentage
	Date granted	Granted during	during the	vested	forfeited	compensation for the
		the year	year	%	%	year consisting of
		Number	Number			options
						%
Directors						
Seamus Cornelius	21 November 2016	800,000	800,000	100%	-	62.48
Eamon Hannon	21 November 2016	1,200,000	1,200,000	100%	-	37.83
Anthony Maslin	21 November 2016	800,000	800,000	100%	-	70.88
Feng Xue	21 November 2016	800,000	800,000	100%	-	80.99

There were no options that were granted to key management personnel as part of their compensation exercised during the year by key management personnel.

Directors' Report

Share-based compensation (continued)

Options granted, exercised or lapsed during the year in relation to key management personnel as part of their remuneration:

	Value of options granted at the grant date	Value of options exercised at the exercised date	Value of options lapsed at the date of lapse
	\$	\$	\$
Directors			
Seamus Cornelius	66,618	-	(131,959)
Eamon Hannon	99,928	-	-
Anthony Maslin	66,618	-	(263,919)
Feng Xue	66,618	-	-

Key Management Personnel Equity Holdings

2017	Balance at start of the year	Received during the year on the conversion of performance rights	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Ordinary shares					
Directors					
Seamus Cornelius	1,432,055	-	-	-	1,432,055
Eamon Hannan	350,000	-	-	-	350,000
Anthony Maslin	791,197	-	-	-	791,197
Feng Xue	-	-	-	-	-
Stuart Fogarty ⁽¹⁾	-	-	-	-	-
<i>(1) Appointed 15 March 2017</i>					

2016	Balance at start of the year	Received during the year on the conversion of performance rights	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Ordinary shares					
Directors					
Seamus Cornelius	1,355,397	-	-	76,658	1,432,055
Eamon Hannan ⁽¹⁾	350,000	-	-	-	350,000
Anthony Maslin	791,197	-	-	-	791,197
Feng Xue ⁽²⁾	-	-	-	-	-
Liu Xing Zhou ⁽³⁾	-	-	-	-	-
Julian Stephens ⁽⁴⁾	692,000	-	-	(692,000)	-
<i>(1) Appointed MD 22 February 2016</i>					
<i>(2) Appointed 13 May 2016</i>					
<i>(3) Resigned 13 May 2016</i>					
<i>(4) Resigned 12 August 2015</i>					

Directors' Report

Key Management Personnel Equity Holdings (continued)

2017	Balance at start of the year	Granted	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Unlisted options							
Directors							
Seamus Cornelius	2,850,000	800,000	-	(550,000)	3,100,000	3,100,000	-
Eamon Hannan	3,000,000	1,200,000	-	-	4,200,000	4,200,000	-
Anthony Maslin	3,900,000	800,000	-	(1,100,000)	3,600,000	3,600,000	-
Feng Xue	-	800,000	-	-	800,000	800,000	-
Stuart Fogarty ⁽¹⁾	-	-	-	1,100,000	1,100,000	1,100,000	-

(1) Appointed 15 March 2017

2016	Balance at start of the year	Granted	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Unlisted options							
Directors							
Seamus Cornelius	1,650,000	1,200,000	-	-	2,850,000	2,850,000	-
Eamon Hannan ⁽¹⁾	1,000,000	2,000,000	-	-	3,000,000	3,000,000	-
Anthony Maslin	2,700,000	1,200,000	-	-	3,900,000	3,900,000	-
Feng Xue ⁽²⁾	-	-	-	-	-	-	-
Liu Xing Zhou ⁽³⁾	1,300,000	1,200,000	-	(2,500,000)	-	-	-
Julian Stephens ⁽⁴⁾	1,900,000	-	-	(1,900,000)	-	-	-

(1) Appointed MD 22 February 2016

(2) Appointed 13 May 2016

(3) Resigned 13 May 2016

(4) Resigned 12 August 2015

END OF REMUNERATION REPORT (Audited)

DIRECTORS' MEETINGS

There were no directors' meetings held during the financial year.

SHARES UNDER OPTION

At the date of this report there are 24,625,000 unlisted options over unissued ordinary shares.

Unlisted options

Balance at the beginning of the year	27,350,000
Exercised during the year	(350,000)
Exercised subsequent to year end	(1,000,000)
Expired during the year	(7,275,000)
Issued during the year	5,900,000
Total number of options outstanding at the date of this report	24,625,000

Directors' Report

This balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
15 November 2017	28.0	3,755,000
7 November 2018	24.0	4,920,000
31 March 2019	12.5	4,000,000
30 November 2019	12.0	7,400,000
30 November 2019	15.0	5,900,000
Total number of options outstanding at the date of this report		24,625,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Buxton Resources Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is \$7,800.

NON-AUDIT SERVICES

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

PROCEEDINGS ON BEHALF OF THE COMPANY

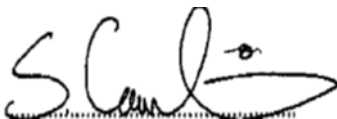
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Signed in accordance with a resolution of the directors.



Seamus Cornelius

Non-Executive Chairman

Perth, 29 September 2017

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Buxton Resources Limited
PO Box 9028
Subiaco WA 6904

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2017 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham R Swan FCA (Lead auditor)

Rothsay Auditing

Dated 29 September 2017



Chartered Accountants

Annual Report Disclosure on Corporate Governance

Buxton Resources has established, and continues to refine and improve procedures to ensure a culture of good corporate governance exists and is respected across the Company.

The Company has a written policy designed to ensure compliance with ASX Listing Rules and all other regulatory requirements for disclosures. Additionally the Company has adopted a policy designed to ensure procedures to implement the policy are suitable and effective.

The Board wishes to acknowledge that nothing has come to its attention that would lead it to conclude that its current practices and procedures are not appropriate for an organisation of the size and maturity of the Company. The Corporate Governance Policy and the Company's corporate governance practices is set out on the Company's web site at www.buxtonresources.com.au.

Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2017

	Notes	The Company	
		2017 \$	2016 \$
REVENUE	4	1,525,428	164,706
EXPENDITURE			
Depreciation expense		(16,654)	(16,864)
Employee benefits expense		(536,037)	(492,802)
Exploration expenses		(1,217,602)	(1,870,382)
Corporate expenses		(207,885)	(212,458)
Share based payment expense		(510,975)	(326,878)
Administration costs		(120,770)	(131,756)
Loss from operating activities		(1,084,495)	(2,886,434)
Financial income		19,695	23,613
Financial expenses		-	-
Net financing income		-	23,613
LOSS BEFORE INCOME TAX		(1,064,800)	(2,862,821)
INCOME TAX BENEFIT / (EXPENSE)	6	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF BUXTON RESOURCES LIMITED		(1,064,800)	(2,862,821)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	24	(1.16)	(3.26)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

AS AT 30 JUNE 2017

	Notes	The Company	
		2017	2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	5,221,125	1,374,221
Trade and other receivables	8	69,749	25,998
Other financial assets	9	-	128,000
Other current assets	10	8,644	13,651
TOTAL CURRENT ASSETS		5,299,518	1,541,870
NON-CURRENT ASSETS			
Exploration Asset	11	95,919	656,862
Plant and equipment	12	656,862	41,162
TOTAL NON-CURRENT ASSETS		752,781	698,024
TOTAL ASSETS		6,052,299	2,239,894
CURRENT LIABILITIES			
Trade and other payables	13	164,748	137,642
TOTAL CURRENT LIABILITIES		164,748	137,642
TOTAL LIABILITIES		164,748	137,642
NET ASSETS		5,887,581	2,102,252
EQUITY			
Issued capital	14	19,268,256	14,884,484
Reserve	15	1,810,662	1,973,646
Accumulated losses	16	(15,191,367)	(14,755,878)
TOTAL EQUITY		5,887,581	2,102,252

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

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2017

	Notes	Issued Capital \$	Accumulated Losses \$	Share-based payment Reserve \$	Total \$
The Company					
BALANCE AT 1 JULY 2015		12,931,994	(11,893,057)	1,475,954	2,514,891
Loss for the year	16	-	(2,862,821)	-	(2,862,821)
TOTAL COMPREHENSIVE LOSS		-	(2,862,821)	-	(2,862,821)
Shares issued for cash		2,025,700	-	-	2,025,700
Shares issued to acquire tenements		58,837	-	-	58,837
Share issue costs		(132,047)	-	-	(132,047)
Share based payments		-	-	497,692	497,692
BALANCE AT 30 JUNE 2016		14,884,484	(14,755,878)	1,973,646	2,102,252
BALANCE AT 1 JULY 2016		14,884,484	(14,755,878)	1,973,646	2,102,252
Loss for the year	16	-	(1,064,800)	-	(1,064,800)
TOTAL COMPREHENSIVE LOSS		-	(1,064,800)	-	(1,064,800)
Shares issued for cash		4,551,706	-	-	4,551,706
Shares issued on exercise of options		51,000	2,217	(27,201)	26,016
Expiry of options		-	627,094	(627,094)	-
Share issue costs		(263,580)	-	-	(263,580)
Share based payments		44,646	-	491,311	535,957
BALANCE AT 30 JUNE 2017		19,268,256	(15,191,367)	1,810,662	5,887,581

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

Statement of Cash Flows

YEAR ENDED 30 JUNE 2017

	Notes	The Company	
		2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		23,105	164,706
Payments to suppliers and employees		(905,702)	(733,907)
Expenditure on mining interests		(1,194,721)	(1,935,058)
Interest received		14,523	30,141
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	23	(2,062,795)	(2,474,118)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(71,411)	-
Proceeds from term deposit investments		128,000	-
Proceeds from sale of exploration interest		1,500,000	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		1,556,589	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,551,706	2,025,700
Proceeds from conversion of options		51,000	-
Payment of share issue costs		(249,596)	(132,047)
NET CASH INFLOW FROM FINANCING ACTIVITIES		4,353,110	1,893,653
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,846,904	(580,465)
Cash and cash equivalents at the beginning of the financial year		1,374,221	1,954,686
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	5,221,125	1,374,221

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

Notes to the Financial Statements

30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for Buxton Resources Limited as an individual entity. The financial statements are presented in the Australian currency. Buxton Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 30 September 2017. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

Compliance with IFRS

The financial statements of Buxton Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Segment reporting

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

(c) Revenue recognition

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

(d) Income tax

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

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

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

Notes to the Financial Statements

(e) Leases

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

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

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

(g) Cash and cash equivalents

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

(h) Investments and other financial assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Notes to the Financial Statements

Financial assets - reclassification

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

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

Recognition and derecognition

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

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

Subsequent measurement

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

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

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

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

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss and other comprehensive income.

If there is evidence of impairment for any of the Company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(i) Plant and equipment

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

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

Notes to the Financial Statements

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 50% per annum.

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

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

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

(j) Exploration and evaluation costs

Exploration and evaluation costs, excluding the costs of acquiring tenements, are expensed as incurred. Acquisition costs will be assessed on a case by case basis and, if appropriate, they will be capitalised. These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either:

- They are expected to be recouped through successful development and exploitation of the area of interest or;
- The activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest, are continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full to the statement of Profit or Loss and Other Comprehensive Income in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(k) Trade and other payables

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

(l) Issued capital

Ordinary shares are classified as equity.

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

(m) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(n) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Notes to the Financial Statements

(o) New accounting standards and interpretations

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

In the current year, the Company has applied a number of amendments to AASBs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016.

Amendments to AASB 101 *Disclosure Initiative*

The Company has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an AASB if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in AASB is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Company, and should be separated into the share of items that, in accordance with other AASBs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

Amendments to AASB 116 and AASB 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The Company has applied these amendments for the first time in the current year. The amendments to AASB 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to AASB 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a. when the intangible asset is expressed as a measure of revenue; or
- b. when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Company already uses the diminishing value method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Company's consolidated financial statements.

Notes to the Financial Statements

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 9	Financial Instruments ² The Company's financial instruments primarily comprise cash and cash equivalents and trade payables. Management are of the view that the Standard will not have a significant impact on these types of financial instruments.
AASB 15	Revenue from Contracts with Customers (and the related Clarifications) ² At the date of this report, the Company did not yet earn revenue from contracts with customers. Therefore, this Standard will not have any impact until such time that the Company commences earning revenue from contracts with customers.
AASB 16	Leases ³ Refer to Note 21 for the Company's operating lease commitments at reporting date. Based on current operating leases for the year ended 30 June 2017, the application of this Standard is not expected to be significant.
Amendments to AASB 2*	Classification and Measurement of Share-based Payment Transactions ²
Amendments to AASB 10 and AASB 128*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to AASB 107*	Disclosure Initiative ¹
Amendments to AASB 112*	Recognition of Deferred Tax Assets for Unrealised Losses ¹

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined.

* The directors have yet to assess the potential impact of the standards not yet adopted.

(p) Critical accounting judgements, estimates and assumptions

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

Notes to the Financial Statements

2. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia the Company is not exposed to foreign exchange risk.

(ii) Price risk

Given the current level of operations the Company is not exposed to price risk.

(iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The balance of cash and cash equivalents for the Company subject to interest rate risk is \$1,374,221 (2015: \$1,954,686). The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was 1.39% (2015: 1.99%).

Sensitivity analysis

At 30 June 2017, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been \$15,931 lower/higher (2016: \$16,645 +/- 100 basis points) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

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

(c) Liquidity risk

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

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

(d) Fair value estimation

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

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

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

Notes to the Financial Statements

3. SEGMENT INFORMATION

AASB 8: *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital.

Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Company operates in one business segment and one geographical segment, namely mineral exploration industry in Australia only. AASB 8: *Operating Segments* states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The Company has therefore decided to aggregate all their segments into one reportable operating segment.

The revenues and results of this segment are those of the Company as a whole and are set out in the statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the Company and are set out in the statement of financial position.

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

	The Company	
	2017	2016
	\$	\$
Exploration segment		
Segment revenue	1,517,038	150,000
Reconciliation of segment revenue to total revenue before tax:		
Other revenue	8,390	14,706
Interest revenue	19,695	23,613
Total revenue	1,545,123	188,319
Segment results	13,864	(1,720,382)
Reconciliation of segment result to net loss before tax:		
Share based payments	(466,829)	(326,878)
Other corporate and administration expenses	(611,835)	(815,561)
Net loss before tax	(1,064,800)	(2,862,821)
Segment operating assets	740,725	656,862
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	5,311,574	1,583,032
Total assets	6,052,299	2,239,894

4. REVENUE

From continuing operations

Interest	19,695	23,613
Sale of exploration interest	1,500,000	-
Exploration grant	-	150,000
Other revenue	25,428	14,706
	1,545,123	188,319

Notes to the Financial Statements

The Company

2017	2016
\$	\$

5. EXPENSES

Loss before income tax includes the following specific expenses:

Minimum lease payments relating to operating leases	31,072	59,673
Defined contribution superannuation expense	39,342	38,000

6. INCOME TAX

(a) The prima facie income tax expenses on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Accounting loss before tax from continuing operations	(1,064,800)	(2,862,821)
Tax at the applicable tax rate of 27.5% (2016: 28.5%)	(292,820)	(815,904)
Impact from reduction in tax rate on unrecognised tax losses	117,156	148,643
Effect of expenses which are not deductible in determining taxable profit	143,911	93,450
Effect of Exploration Development Incentive (EDI)	188,298	259,604
Effect of temporary differences that would be recognised directly in equity	(72,485)	(37,634)
Movements in unrecognised temporary differences	9,554	(68,941)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	(93,614)	420,782
Income tax expense	-	-

(b) Unrecognised temporary differences

Deferred Tax Assets at 27.5% (2016: 28.5%)

On Income Tax Account

Capital raising costs	121,400	91,007
Accruals	24,243	15,618
Carry forward tax losses	3,221,800	3,325,976
	3,667,443	3,432,601

Deferred Tax Liabilities at 27.5% (2016: 28.5%)

Prepayments	2,377	3,891
Unearned income	1,579	162
	3,956	4,053

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,593,090	1,374,221
Short-term deposits	3,500,035	-
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	5,093,125	1,374,221

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Notes to the Financial Statements

The Company

2017	2016
\$	\$

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Sundry Debtor	7,069	4,416
Accrued Interest	5,742	569
GST Receivable	56,938	21,013
	<u>69,749</u>	<u>25,998</u>

9. OTHER FINANCIAL ASSETS

Held-to-maturity investments	128,000	128,000
	<u>128,000</u>	<u>128,000</u>

Held-to-maturity investments comprise bank term deposits with a maturity of over 3 months

10. OTHER CURRENT ASSETS

Prepayments	8,644	13,651
	<u>8,644</u>	<u>13,651</u>

11. NON-CURRENT ASSETS – EXPLORATION ASSETS

Tenement acquisition costs carried forward in respect of mining areas of interest

Opening net book amount	656,862	427,210
Capitalised tenement acquisition costs	-	229,652
Closing net book amount	<u>656,862</u>	<u>656,862</u>

The ultimate recoupment of costs carried forward for tenement acquisition is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

12. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Plant and equipment

Cost	93,115	116,553
Accumulated depreciation	(77,889)	(97,437)
Net book amount	<u>15,226</u>	<u>19,116</u>

Motor vehicles

Cost	116,264	46,561
Accumulated depreciation	(35,571)	(24,516)
Net book amount	<u>80,693</u>	<u>22,045</u>
	<u>95,919</u>	<u>41,161</u>

Plant and equipment

Opening net book amount	19,116	27,071
Additions	2,304	-
Disposals	(635)	-
Depreciation charge	(5,559)	(7,955)
Closing net book amount	<u>15,226</u>	<u>19,116</u>

Notes to the Financial Statements

	The Company	
	2017	2016
	\$	\$
Motor vehicles		
Opening net book amount	22,045	30,954
Additions	69,703	-
Depreciation charge	(11,055)	(8,909)
Closing net book amount	<u>80,693</u>	<u>22,045</u>
	<u>95,919</u>	<u>41,161</u>

13. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	110,379	62,710
Other payables and accruals	54,369	74,932
	<u>164,748</u>	<u>137,642</u>

14. ISSUED CAPITAL**(a) Share capital**

	Notes	2017		2016	
		Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	14(b), 14(d)	108,850,822	19,268,256	88,462,921	14,884,484
Total issued capital		<u>108,850,822</u>	<u>19,268,256</u>	<u>88,462,921</u>	<u>14,884,484</u>

(b) Movements in ordinary share capital

Beginning of the financial year	88,462,921	14,884,484	77,525,121	12,931,994
Issued for cash	19,790,038	4,551,706	10,510,000	2,025,700
Issued on conversion of options	350,000	51,000	-	-
Issued for tenement during the year	-	-	427,800	58,837
Share based payment	247,863	44,646	-	-
Share issue costs		(263,580)		(132,047)
End of the financial year		<u>108,850,822</u>	<u>19,268,256</u>	<u>88,462,921</u>

(c) Movements in options on issue

	Number of options	
	2017	2016
Unlisted		
Beginning of the year	27,350,000	19,150,000
Issued during the year	5,900,000	11,400,000
Exercised during the year	(350,000)	-
Expired during the year	(7,275,000)	(3,200,000)
End of the year	<u>25,625,000</u>	<u>27,350,000</u>
Listed		
Beginning of the year	-	4,194,450
Issued during the year	-	-
Exercised during the year	-	-
Expired during the year	-	(4,194,450)
End of the year	<u>-</u>	<u>-</u>

Notes to the Financial Statements

(d) Ordinary shares

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

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

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

(e) Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads.

The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2017 and 30 June 2016 is as follows:

	The Company	
	2017	2016
	\$	\$
Cash and cash equivalents	5,093,125	1,374,221
Trade and other receivables	69,749	25,998
Other financial assets	128,000	128,000
Trade and other payables	(164,748)	(132,641)
Working capital position	<u>5,126,126</u>	<u>1,395,578</u>

15. RESERVES

Share-based payment reserve

Balance at beginning of year	1,973,646	1,475,954
Exercise of options during the year	(27,201)	-
Expiry of options during the year	(627,094)	-
Issue of options during the year	491,311	497,692
Balance at end of year	<u>1,810,662</u>	<u>1,973,646</u>

Option reserve

The share-based payment reserve is used to record the value of options issued by the Company.

16. ACCUMULATED LOSSES

	The Company	
	2017	2016
	\$	\$
Accumulated losses		
Balance at beginning of year	(14,755,878)	(11,893,057)
Exercise of options during the year	2,217	-
Expiry of options during the year	627,094	-
Net loss for the year	(1,064,800)	(2,862,821)
Balance at end of year	<u>15,191,367</u>	<u>(14,755,878)</u>

17. DIVIDENDS

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

Notes to the Financial Statements

18. DIRECTORS AND EXECUTIVES DISCLOSURES

The aggregate compensation made to directors and other key management personnel of the Company is set out below:

	The Company	
	2017	2016
Short-term benefits	256,250	239,599
Post-employment benefits	17,219	15,794
Share based payments	299,782	248,583
	573,251	503,976

Detailed remuneration disclosures are provided in the remuneration report on page 26.

19. REMUNERATION OF AUDITORS

	The Company	
	2017	2016
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
Audit services		
Rothsay Chartered Accountants - audit and review of financial reports	21,500	24,500
Total remuneration for audit services	21,500	24,500

20. CONTINGENCIES

Contingent Remuneration

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

21. COMMITMENTS

(a) Exploration commitments

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

	2017	2016
	\$	\$
within one year	649,220	1,175,720
later than one year but not later than five years	2,596,880	5,278,880
	3,246,100	6,454,600

(b) Lease commitments: Company as lessee

	2017	2016
	\$	\$
within one year	23,400	24,900
later than one year but not later than five years	1,950	26,975
	25,350	51,875

Notes to the Financial Statements

22. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the balance date, on 9 July the Company commenced drilling at the Double Magic project, Merlin prospect.

On 3 August 2017 1million shares were issued on the exercise of options exercisable at 12.5 cents per option raising \$125,000 for the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

The Company	
2017	2016
\$	\$

23. NOTE TO STATEMENT OF CASH FLOWS

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

Net loss for the year	(1,064,800)	(2,862,821)
Gain on sale of exploration interest	(1,500,000)	-
Non-Cash Items		
Depreciation of non-current assets	16,654	16,864
Share-based payments	510,975	326,878
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(43,751)	85,311
(Increase)/decrease in prepayments	5,007	(300)
Increase/(decrease) in trade and other payables	13,122	(40,050)
Net cash outflow from operating activities	(2,062,793)	(2,474,118)

The Company	
2017	2016
\$	\$

24. LOSS PER SHARE

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

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share

(1,064,800)	(2,862,821)
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Number of shares

2017	2016
------	------

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

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

91,916,424	87,910,923
------------	------------

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2017, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.


Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 25 to 42 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

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

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



Seamus Cornelius

Non-Executive Chairman

Perth, 29 September 2017



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BUXTON RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Buxton Resources Limited (“the Company”) which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors’ declaration of the Company.

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

- (i) giving a true and fair view of the Company’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*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Company 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

Cash and cash equivalents

The Company’s cash and cash equivalents make up 86% of total assets by value and are considered to be the key driver of the Company’s operations and exploration activities. We do not consider cash and cash equivalents to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the



Chartered Accountants



materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence of the Company's cash and cash equivalents included but were not limited to:

- Documenting and assessing the processes and controls in place to record cash transactions;
- Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded appropriately in the general ledger; and
- Agreeing 100% of cash holdings to independent third party confirmations.

We have also assessed the appropriateness of the disclosures included in notes 1 and 7 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company'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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the 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 Company 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 Company or cease operations, or have 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or



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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: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

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

In our opinion the remuneration report of Buxton Resources Limited 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.

Rothsay Auditing

**Graham Swan FCA
Partner**

Dated 29 September 2017



Chartered Accountants

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. Unless otherwise stated, the information is current as at 27 September 2017.

(a) Distribution of equity securities

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

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	47	11,559
1,001	- 5,000	230	742,279
5,001	- 10,000	219	1,913,150
10,001	- 100,000	511	19,418,887
100,001	and over	92	40,807,580
		1,099	62,893,455
Minimum \$ 500.00 parcel at \$0.23 per unit		138	184,555

Unlisted Options expiring 15/11/17 @ \$0.28

		Number of holders	Number of options
1	- 1,000	0	0
1,001	- 5,000	0	0
5,001	- 10,000	0	0
10,001	- 100,000	5	205,000
100,001	and over	7	3,550,000
		12	3,755,000

The number of shareholders holding less than a marketable parcel of shares are:

0	0
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Unlisted Options EXP 7/11/18 @ \$0.24

		Number of holders	Number of options
1	- 1,000	0	0
1,001	- 5,000	0	0
5,001	- 10,000	0	0
10,001	- 100,000	4	170,000
100,001	and over	10	4,750,000
		14	4,920,000

The number of shareholders holding less than a marketable parcel of shares are:

0	0
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(b) Twenty largest shareholders

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

ASX Additional Information

Rank	Name	Units	% of Units
1.	NATIONAL BUSINESS HOLDING (VU) LTD	10,841,659	9.78
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,289,944	2.97
3.	BNP PARIBAS NOMINEES PTY LTD	2,729,432	2.46
4.	A & R DEARLOVE PTY LTD	2,500,000	2.26
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,083,055	1.86
6.	MR ANTHONY MICHAEL DEARLOVE + MS RENAE CLARE EVA	1,588,368	1.41
7.	MR PETER JOHNSON	1,399,000	1.26
8.	MR SEAMUS CORNELIUS	1,353,930	1.22
9.	CITICORP NOMINEES PTY LIMITED	1,079,687	0.97
10.	MR RICHARD HENRY GARDINER	1,001,000	0.90
11.	FAERIE'S KNOB PTY LTD <BISHOP FAMILY S/F A/C>	1,000,000	0.90
12.	MR ANTHONY + MRS LISA PIRROTTINA	1,000,000	0.90
13.	HENRY BERRY CORPORATION LIMITED	971,000	0.88
14.	SMIT AND SCHOEMAN PTY LTD	960,030	0.87
15.	MS CASEY LANCEE	897,400	0.81
16.	MS JULIE ANNE GOOD	846,713	0.76
17.	MRS JUDITH LEMPRIERE LENTJES	827,777	0.75
18.	PENNOCK PTY LTD	800,000	0.72
19.	MR JINYU LIU	755,292	0.68
20.	DONGARRA LIMITED	750,000	0.68
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		36,634,285	33.05
Total Remaining Holders Balance		74,216,537	66.95

(c) Substantial shareholders

At the date of this report the following shareholders had lodged substantial shareholder notices with the Company, in accordance with section 671B of the *Corporations Act 2001* are:

1. National Business Holding (VU) Ltd is a substantial shareholder holding a relevant interest in 10,841,659 shares representing 9.8% of the voting power.

(d) Voting rights

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

(e) Schedule of interests in mining tenements

E 28/2201	Widowmaker	10
E 28/1959	Zanthus	10
E 63/1595	Dempster	100
E 63/1582	Dempster	90
E 63/1720	Dempster	100
ELA63/1675	Dempster	100
ELA63/1676	Dempster	100
ELA63/1677	Dempster	100
ELA63/1685	Dempster	100
ELA63/1686	Dempster	100
ELA63/1687	Dempster	100
ELA63/1688	Dempster	100
ELA04/2466	Kimberley	100
ELA04/2467	Kimberley	100
ELA04/2468	Kimberley	100
ELA04/2469	Kimberley	100
ELA04/2480	Kimberley	100
E09/1972	Yalbra	100
E09/1985	Yalbra	100
E09/2101	Yalbra	100
ELA77/2237	Yilgarn	100

ASX Additional Information

ELA77/2238	Yilgarn	100
E04/1533	Derby/West Kimberley	100
E04/2026	Derby/West Kimberley	100
E04/2060	Derby/West Kimberley	100
E04/2142	Derby/West Kimberley	100
E04/2408	Derby/West Kimberley	100
E04/2406	Derby/West Kimberley	100
E04/2407	Derby/West Kimberley	100
E04/2411	Derby/West Kimberley	100
P04/269	Derby/West Kimberley	100