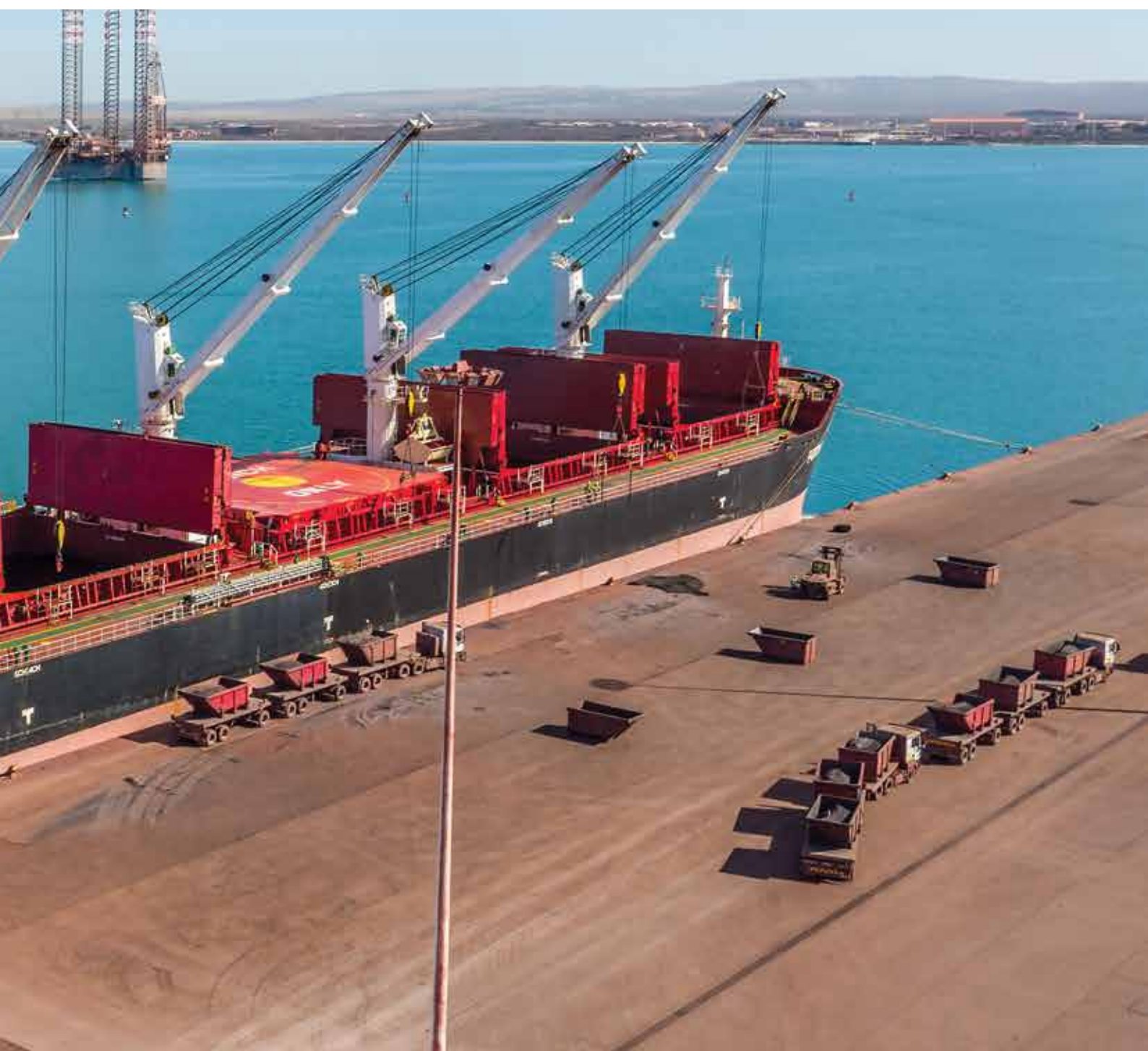
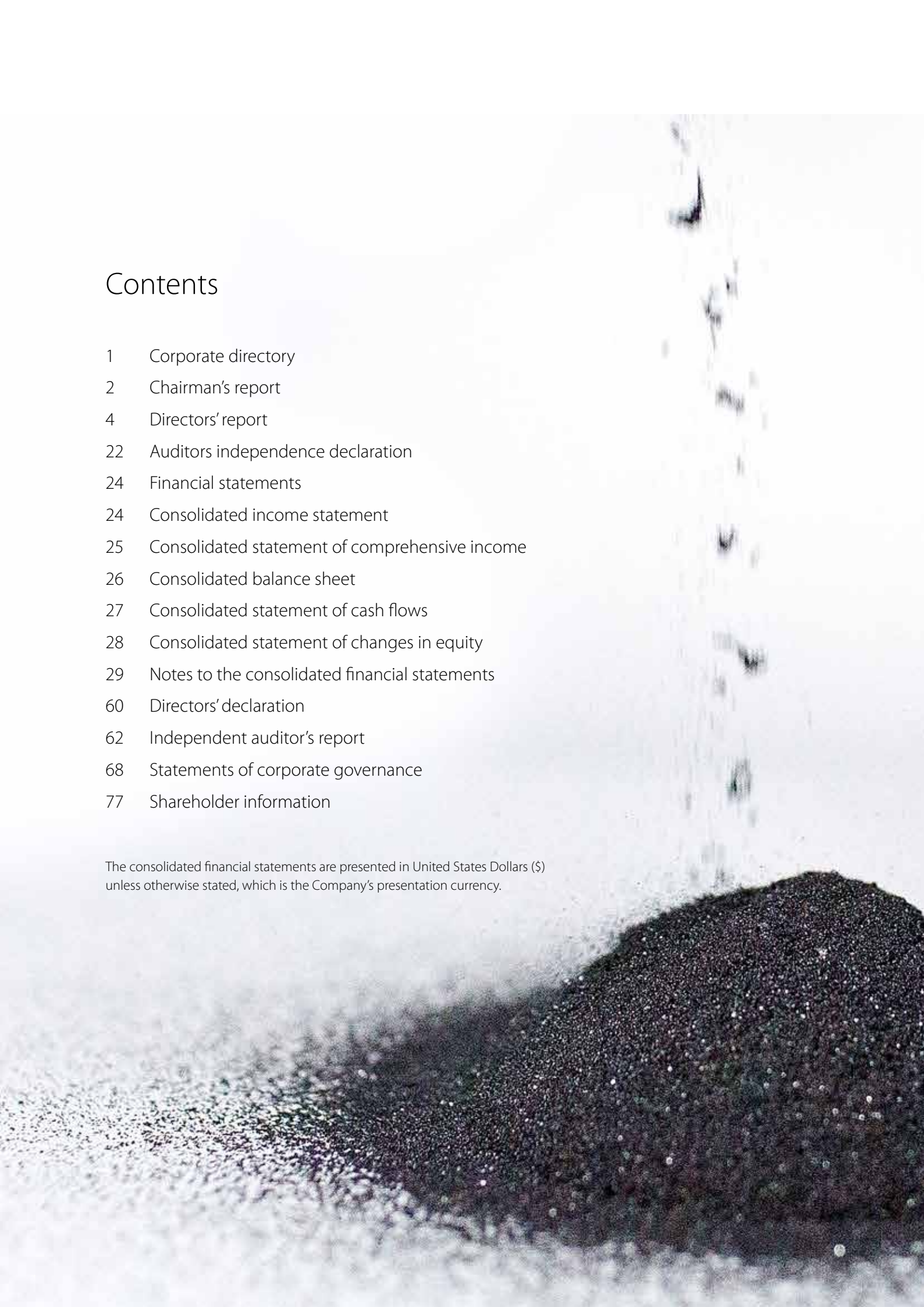




2016 ANNUAL REPORT





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The consolidated financial statements are presented in United States Dollars (\$) unless otherwise stated, which is the Company's presentation currency.

Corporate directory



DIRECTORS

MARK VICTOR CARUSO

Executive Chairman and Chief Executive Officer

JOSEPH ANTHONY CARUSO

Non-Executive Director

PETER PATRICK TORRE

Non-Executive Director and Company Secretary

GUY REDVERS WALKER

Senior Independent Non-Executive Director

COLIN ROSS HASTINGS

Independent Non-Executive Director

PRINCIPAL & REGISTERED OFFICE IN AUSTRALIA

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Welshpool WA 6106
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AUDITORS

BDO AUDIT (WA) PTY LTD

38 Station Street
Subiaco WA 6008

SOLICITORS

DOMINION LEGAL PTY LTD

104 Edward Street
Perth WA 6000

ENSAFRICA

150 West Street, Sandton
Johannesburg 2196
South Africa

STEINPREIS PAGANIN

Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

BANKERS

NATIONAL AUSTRALIA BANK

Suite 7, 51 Kewdale Road
Welshpool WA 6106

SHARE REGISTRY

Link Market Services Limited
Level 4, Central Park
152 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING

The Company's shares are listed on the Australian Securities Exchange (ASX) under **ASX Code MRC**

WEBSITE ADDRESS

www.mineralcommodities.com

COMPETENT PERSON STATEMENT

The information, if any, in this report which relates to exploration results, mineral resources or ore reserves for Xolobeni Mineral Sands Project is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a corporate member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to Mineral Commodities Ltd. Mr Maynard is the director and principal geologist of Al Maynard & Associates Pty Ltd and has over 36 years' of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

The information, if any, in this report which relates to exploration results, mineral resources or ore reserves for Tormin Mineral Sands Project is based on information compiled by Mr Adriaan du Toit, who is a Member of the AusIMM and an independent consultant to Mineral Commodities Ltd. Mr du Toit is the director and principal geologist of AEMCO PTY LTD and has over 24 years' of exploration and mining experience in a variety of mineral deposits and styles. Mr du Toit has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The information from Mr du Toit was prepared under the JORC Code 2012 Edition. Mr du Toit consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Chairman's report



Dear Shareholders,

The 2016 financial year has been another period of solid operating performance at the Company's Tormin Mineral Sands Project.

The directors report which follows in the financial statements contains a full account of the operating performance of the Company for the year, including the completed expansion initiatives and work undertaken on the mineral resource.

The performance of the Company has positioned it to declare its second successive final dividend of Australian \$0.012 per share, as outlined in the Company's announcement of 10 April 2017.

Whilst the operational performance and shareholder returns are always at the forefront of your Board's consideration, of equal importance to it is the safety of its workers and its responsibility to all stakeholders, in particular our Black Economic Empowerment ("BEE") partner, Blue Bantry Investments 255 (Pty) Ltd ("Blue Bantry").

During the year, the Company celebrated 1.5 million lost time injury ("LTI") free hours. By the end of the 2016 year, the Company had worked in excess of 1.7 million man hours without any LTI being incurred since operations commenced in October 2013. The Company's safety record continues to be industry best standard.

As outlined in the directors report, the Company continues its commitment to community investment and BEE ownership and participation. During the year, the Company has spent in excess of Rand 7 million on Social Labour Plan initiatives, including approximately Rand 5 million on human resources development initiatives, incorporating bursaries, scholarships, traineeships, apprenticeships and adult basic education programs. In addition, Local Enterprise Development investment in community infrastructure exceeded Rand 2 million.

The Company actively continues to support the principles of the Historically Disadvantaged South Africans ("HDSA") social and

economic upliftment by the employment of 40 local members of the Xolobeni community in the Eastern Cape on the Tormin mine site. The Xolobeni employees have been progressively trained in all aspects of mine development and operations. The proactive and interactive programme the Company has adopted in relation to Xolobeni has resulted in direct education, via tangible economic and social upliftment, of the benefits of mining being balanced with responsible environmental management, and communicated via those employees to the local community.

The Company's BEE preferential procurement and economic empowerment of Historically Disadvantaged South African's expenditure in 2016 was approximately Rand 326 million.

The Company advised midway through 2016 that it had entered into a Memorandum of Understanding ("MOU") for the Xolobeni Mineral Sands Project ("Xolobeni Project") with its BEE Partner, Keysha Investments 178 Pty Ltd ("Keysha"), to divest its 56% interest in Transworld Energy and Resources (SA) Pty Ltd ("TEM"), the entity which owns the Xolobeni Project, to Keysha on terms to be agreed between the parties.

The Company continues to engage with Keysha, related stakeholders and relevant authorities to facilitate and finalise the sale process. The Company fully supports the ongoing development of the Xolobeni Project and its decision to divest is in no way a reflection of its commitment to its mining interests in South Africa. It is expected that this divestment process will take some time to finalise due to the Department of Mineral Resources ("DMR") placing an 18 month moratorium on the issuing of any further permits relating to the Xolobeni Project. This action by the DMR is to ensure all interested and affected parties and stakeholders are fully consulted and informed in relation to the project's social and environmental impacts.

Environmental matters are also of critical importance to the Board. The Company completed its bi-annual independent Environmental Authorisation Compliance Audit in 2016.

The Tormin mine is more than 92% in compliance with the relevant conditions contained in the two Environmental Authorisations and their associated Environmental Management Programmes, with only two minor instances of non-compliance, and in relation to its Environmental Mitigation Compliance the Company scored in excess of 91%.

Global mining companies continually face the challenge of balancing the benefits of development with social and environmental dislocation. The very nature of any mining operation has a discrete defined subset of environmental impacts and will always draw the attention of opposing interest groups. The Company continues the adoption of a direct consultative approach with all stakeholders and interested and affected parties to manage the expectations of the respective groups. Shareholders can be assured that the tenure of the Company's assets is best protected by the adherence to the statutory laws and regulations.

To this end the Company has enjoyed an unblemished, fully compliant environmental record in relation to its regulatory compliance since its Tormin mining operation commenced in 2013, and continues to manage its operation's environmentally responsibly and aligned with industry best practice.

The Company recognises it will need to continue to work with the issues surrounding mining a replenishing beach and the uncertainties relating to replenishment quantities and grade.

The Company continues to be innovative in looking at new mining methods and equipment to optimise operations and to access the unique nature of the resources. In conjunction with this, a continued focus to work through the necessary permitting approvals to secure the granting of additional Prospecting and Mining Rights, may allow access to potential further resources to provide for the extension of the mine life of the Tormin operation substantially into the future.

The Company continues its pursuit of other greenfield and brownfield project identification and business development opportunities, and will remain selective in its criteria to ensure an appropriate assets and resource projects are identified.

On behalf of the Board I thank all the dedicated employees and consultants on site and at the Company's respective offices for their efforts and commitment throughout the year. These efforts have delivered another profitable result for the year and has continued to provide returns to Shareholders.

We look forward to 2017, which we anticipate will deliver another solid operating performance in the life of your Company.



Mark V. Caruso
Chairman

Directors' report



Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Mineral Commodities Ltd (the "Company") and the entities it controlled at the end of, or during, the year ended 31 December 2016. The consolidated financial statements are presented in United States Dollars ("\$"), unless otherwise stated, which is the Company's presentation currency.

DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report:

Mark Victor Caruso
Joseph Anthony Caruso
Peter Patrick Torre
Guy Redvers Walker
Colin Ross Hastings

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were mineral sands mining and processing at the Group's Tormin Mineral Sands Project ("Tormin" or the "Tormin Project") in the Western Cape Province of South Africa, undertaking procedures and evaluation for the future development of the Xolobeni Mineral Sands Project ("Xolobeni" or the "Xolobeni Project") in the Eastern Cape Province of South Africa, and investigations into other mineral resources.

DIVIDENDS

During the year ended 31 December 2016, the Directors declared a final unfranked dividend for the year ended 31 December 2015 of 1 Australian cent per ordinary share, for a total distribution of A\$4,049,416 based on the number of ordinary shares on issue as at 31 December 2015. As the dividend was unfranked, there were income tax consequences for the owners of the Company relating to this dividend.

REVIEW OF OPERATIONS

The operations and financial position of the Group and its business strategies is set out below.

The following key production and sales metrics were achieved by the Tormin Project in 2016.

PRODUCTION – FULL YEAR

MINING:

1,807,750 tonnes mined at a grade of 45.96% Heavy Mineral Concentrate ("HMC") consisting of:

- 29.21% Garnet;
- 12.97% Ilmenite;
- 2.78% Zircon;
- 0.62% Rutile; and
- 0.38% Leucoxene

PRODUCTION AND PROCESSING:

658,857 tonnes, including 49,581 tonnes of high zircon content Ilmenite concentrate refeed and 16,109 tonnes of Garnet concentrate refeed, processed through the Garnet Stripping Plant / Secondary Concentrator Plant ("GSP/SCP") to produce:

- 270,802 tonnes Garnet concentrate;
- 211,704 tonnes Ilmenite concentrate; and
- 35,813 tonnes Zircon/Rutile concentrate.

SALES – FULL YEAR: \$26.9M

Zircon/Rutile concentrate: 38,408 wet metric tonnes
Ilmenite concentrate: 4,070 wet metric tonnes
Garnet concentrate: 130,308 wet metric tonnes

CORPORATE AND CASH

CASH:

Cash balance of \$2.9 million as at 31 December 2016, plus \$8.0 million in trade and other receivables.

DEBT:

\$1.1 million of shareholder loans repaid immediately subsequent to year end;
\$4.5 million debt facility obtained from GMA Garnet Group ("GMA") to finance the Garnet Stripping Plant ("GSP") fully drawn down; and US\$1.1 million overdraft facility unutilised as at 31 December 2016. The facility limit was reduced to US\$0.5 million subsequent to year end.



SAFETY AND ENVIRONMENT

During the year, the Company celebrated 1.5 million lost time injury ("LTI") free hours. By the end of the 2016 year, the Company had worked in excess of 1.7 million man hours without any LTI being incurred since operations commenced in October 2013.

The Company's safety record continues to be industry best standard.

The Company operates its Tormin mining operation under the South African Government's One Environmental System, which came into effect on 8 December 2014. This legislation provides that the competent authority for all matters relating to environmental authorisations and compliance of the National Environmental Management Act, 1998 ("NEMA") is the Department of Mineral Resources ("DMR").

Despite the legislative and vested authority resting with the DMR and ongoing compliance inspections by the DMR and the Department of Water Affairs ("DWA"), the Company received an unsolicited inspection by the Department of Environmental Affairs ("DEA") in September 2016.

The Company sought legal advice and commenced proceedings to seek a declaratory order from the Court confirming the DMR as the competent authority, and to overturn the issuance of the search and seizure warrant and its validity. The matter is being heard in the High Court of South Africa (Cape Town).

The Company completed its annual independent Environmental Authorisation Compliance Audit. Tormin achieved 92% in compliance with the relevant conditions contained in the two Environmental Authorisations and their associated Environmental Management Programmes, with only two minor instances of non-compliance, and in relation to its Environmental Mitigation Compliance the Company scored in excess of 91%.

The Company has enjoyed an unblemished, fully compliant environmental record in relation to its regulatory compliance since its Tormin mining operation commenced in 2013, and continues to manage its operations environmentally responsibly and aligned with industry best practise.

COMMUNITY

The Company worked closely with its joint shareholder in its South African subsidiary Mineral Sands Resources (Pty) Ltd ("MSR") and Black Economic Empowerment ("BEE") partner, Blue Bantry Investments 255 (Pty) Ltd ("Blue Bantry"), in continuing to assist in bridging the cultural divide that can sometimes exist in managing the expectations of interests and effected parties and communities.

The Company continues its commitment to community investment and BEE ownership and participation. During the year the Company has spent in excess of Rand 7 million on Social Labour Plan initiatives, including approximately Rand 5 million on human resources development initiatives, incorporating bursaries, scholarships, traineeships, apprenticeships and adult basic education programs. In addition, Local Enterprise Development investment in community infrastructure exceeded Rand 2 million.

The Company actively continues to support social and economic upliftment and the principles of the Historically Disadvantaged South Africans ("HDSA") by the employment of 40 local members of the Eastern Cape Xolobeni community at Tormin. The Xolobeni employees have been progressively trained in all aspects of mine development and operations. The proactive and interactive programme the Company has adopted in relation to Xolobeni has resulted in direct education, via tangible economic and social upliftment, of the benefits of mining being balanced with responsible environmental management being communicated via those employees to the local community.

The Company's BEE preferential procurement and economic empowerment of Historically Disadvantaged South African's expenditure in 2016 was approximately Rand 326 million.

Directors' report



XOLOBENI MINERAL SANDS PROJECT

The Company advised midway through the 2016 year that it had entered into a Memorandum of Understanding ("MOU") for the Xolobeni Mineral Sands Project ("Xolobeni Project") with its BEE Partner, Keysha Investments 178 Pty Ltd ("Keysha"), to divest its 56% interest in Transworld Energy and Resources (SA) Pty Ltd ("TEM"), the entity which owns the Xolobeni Project, to Keysha on terms to be agreed between the parties.

The Company continues to engage with Keysha, related stakeholders and relevant authorities to facilitate and finalise the sale process. The Company fully supports the ongoing development of the Xolobeni Project and its decision to divest is in no way a reflection of its commitment to its mining interests in South Africa. It is expected that this due process will take some time to finalise to ensure all stakeholders are fully appraised of the related issues.

TORMIN - MINING

For the full year to 31 December 2016, 1,807,750 Run of Mine ("ROM") ore tonnes was mined at the Tormin Project, being approximately 3.8% above budget, with an overall HMC grade of 45.96%.

The above budget performance of the mining operations continued throughout the year, dealing with the nature of mining a beach subject to tides and surf. Mining rates increased throughout the year consistent with a falling ROM Valuable Heavy Mineral ("VHM") grade.

Towards the end of the year, the Company purchased specialised amphibious excavation equipment which will allow it to mine the seaward extremities of its current Mining Rights resource boundaries. The equipment is due to arrive on site in the first quarter of 2017, and will allow almost continuous mining in the inter-tidal high and low water zones. This equipment will also be used for resource sampling and grade control in previously inaccessible areas.

TORMIN - PROCESSING

The two Tailings Scavenger Plants ("TSPs") and the GSP were commissioned midway through the year on scheduled time and budget, with all plants achieving above design throughput and availability shortly thereafter.

The Primary Beach Concentrators ("PBCs") feed rate and operating hours were both above budget for the year. However, total HMC produced through the two PBCs of 482,383 tonnes was below budget due to lower ROM feed grade and recoveries. The two TSPs produced an additional 104,653 tonnes of HMC, being 57% above budget for the year.

The Company processed 658,857 tonnes through the GSP/SCP for the year, which was slightly below budget.

During the year, the Company re-treated 49,581 tonnes of previously stockpiled Ilmenite concentrate to extract excess Zircon and to upgrade the final Ilmenite concentrate product. The Company also trialled the refeed of 16,109 tonnes of Garnet concentrate to extract excess Zircon content.

GSP/SCP plant feed grade and recoveries were below budget, resulting in lower than budget non-magnetic Zircon/Rutile concentrate production of 35,813 tonnes. The reduction in non-magnetic Zircon/Rutile concentrate production is directly related to the diminishing grade of Zircon in the ROM VHM grade.

Annual Ilmenite and Garnet concentrate production to 31 December 2016 was 211,704 tonnes and 270,802 tonnes respectively.



TORMIN - CASH COSTS

The following key summary of unit costs and revenue is presented:

SUMMARY OF UNIT COSTS & REVENUE PER TONNE (US\$)	2016 FULL YEAR \$/T	2015 FULL YEAR \$/T
Unit production cash costs per tonne of final concentrates produced	27.03	38.47
Unit cost of goods sold per tonne of final concentrates sold (1)	99.29	72.16
Unit revenue per tonne of final concentrates sold	163.27	111.26

Note 1: Cost of goods sold includes production cash costs, product handling, transport and selling costs, royalties, stock movements, and depreciation and amortisation. Excludes corporate and financing costs.

Production cash costs per tonne of zircon/rutile, ilmenite and garnet concentrate produced for the 2016 year was \$27.03/t, and an improvement on the 2015 year's cost of \$38.47/t. The decrease in unit production cash costs for the 2016 year was predominantly due to the additional final concentrates produced as a consequence of the GSP being commissioned in July 2016.

Cost of goods sold (incorporating production cash costs, product handling, transport and selling costs, royalties, stock movements, and depreciation and amortisation) per tonne of concentrate sold was \$99.29/t for the 2016 year, as compared to \$72.16/t for the 2015 year. The unit cost of goods sold was higher in 2016 due to the product mix sold.

TORMIN - SALES AND MARKETING

Sales revenue for the year was \$26.9m, based on the sale of the following products:

- Zircon/Rutile concentrate: 38,408 wet metric tonnes
- Ilmenite concentrate: 4,070 wet metric tonnes
- Garnet concentrate: 130,308 wet metric tonnes

Revenue per tonne of all concentrates sold was \$163.27/t for the 2016 year compared to \$111.26/t for the 2015 year.

Revenue to cost of goods sold ratio for the 2016 year was 1.64, an improvement over the 2015 year's result of 1.54.

The Company saw incremental strengthening for its non-magnetic Zircon/Rutile concentrate towards the end of the year and expects pricing to continue to strengthen during the course of 2017.

The Company also recommenced stockpile sales of Garnet concentrate during the second half of the year, delivering 130,000 tonnes of the minimum 210,000 tonnes per annum (July to June) contracted under the GMA life of mine Off-take Agreement.

As at the end of the year, the Company holds a further 120,000 tonnes of stockpiled Garnet concentrate, that is in addition to that sold under bill and hold arrangements to GMA.

The Company is also starting to receive independent third-party enquiries for its non-contracted Garnet concentrate. This enquiry triggers a First Right of Refusal option under the GMA Offtake Agreement. Accordingly the Company is confident that it will realise additional sales revenue for uncommitted Garnet concentrate in the first half of 2017.

As announced immediately following year end, the Company continues its strong relationship with its existing customer base for its non-magnetic Zircon/Rutile concentrate, with existing customers taking shipments of up to 83,000 tonnes of Ilmenite concentrate in Q1 2017.

There is an evident increasing demand for Ilmenite concentrate and finished Ilmenite products due to a combination of the tightening of the global ilmenite supply chain, increase in Titanium pigment pricing, as well as the curtailing of domestic Sulphate Ilmenite production within China and India, due to environmental and economic cost of production factors.

Since the commencement of mining operations in 2014, the Company has stockpiled approximately 200,000 tonnes of Ilmenite concentrate in anticipation of increased pricing.

Directors' report



TORMIN - RESOURCES

Since commencement, the Company has mined in excess of 4.5 million tonnes which represents almost 60% more than the stated original Indicated Resource. The Heavy Mineral ("HM") grade has been higher than the original stated resource grade in every year of operation.

The reported resource audit for 2016 has shown a reduction in the resources from 2.7 million tonnes to 1.8 million tonnes. This represents for the first time a reduction in the quantity of remaining resources against the original resource.

Given the unique placer beach dynamic of the deposit, the Company is unable to determine with certainty the exact replenishment cycle in terms of quantity and grade. However, it should be noted that both grade and replenishment has consistently been evidenced by historical mining and processing information.

The Company is confident that with the grant of additional identified onshore and northern beach mining and prospecting areas currently under application, that the additional mining areas will allow the current beach mining areas to replenish.

The annual Tormin Resource Review work was completed during February 2017, with results as follows:

CATEGORY	RESOURCE MILLION TONNES	TOTAL HEAVY MINERAL %	ILMENITE (% IN RESOURCE)	ZIRCON (% IN RESOURCE)	RUTILE (% IN RESOURCE)	GARNET (% IN RESOURCE)
Indicated Resources – Dec 2013	2.70	49.4%	10.6%	3.4%	0.7%	25.3%
Tonnes Mined - 2014	1.07	53.83%	17.26%	4.76%	0.65%	31.16%
Indicated Resources – Dec 2014	2.70	38.14%	10.05%	2.21%	0.46%	25.22%
Tonnes Mined - 2015	1.62	49.57%	16.15%	3.88%	0.60%	28.94%
Indicated Resources – Dec 2015	2.70	28.01%	6.97%	1.56%	0.55%	18.54%
Tonnes Mined - 2016	1.81	45.97%	12.97%	2.78%	0.61%	29.21%
Indicated Resources – Dec 2016	1.80*	28.8%	6.15%	1.65%	0.53%	18.99%

*0.5% Zircon cut-off grade used

TORMIN - PROSPECTING ACTIVITIES

The Company had intended to undertake offshore sampling of its Offshore Prospecting Right during the 2016 year. However, the work was delayed due to delays in mobilisation by the original contracted service provider, the most recent being the requirement to modify sample collection equipment and equipment failure of the contractor. It is planned that this sampling programme will take place in Q1 2017.

As advised on 30 June 2016, the application for Prospecting Rights, WC30/5/1/2/10226PR along the beach and surf zone north of its current mining operation and WC30/5/1/1/2/10229PR adjacent and inland from the current mining operations, were refused by the DMR. The Company lodged an Appeal against these decisions to the DEA in relation to the environmental authorisation aspects of the application.

The Company received formal notification in respect to the Prospecting Rights Appeal from the DEA advising that the Appeal had been upheld. The Company will consider a further Judicial Appeal process on the upholding of the Prospecting Rights by the DEA, as it believes that the decision is based on environmental concerns that are without basis.



The final decision in relation to the ultimate rejection of the Prospecting Rights applications now rests with the DMR. The Company is yet to be advised by the DMR.

In anticipation of the Appeal refusal, the Company had previously commenced, in consultation with the DMR, the preparation of an Environmental Management Program ("EMP") 102 Amendment Application covering 28.7ha of the northern beach area and 75ha of area on the Geelwal farm that is partly covered by the Prospecting Rights.

The Company is well advanced with this EMP 102 Amendment Application and, if granted, will provide a much shorter timeline to access and mining of the applicable areas. An EMP 102 Amendment allows the applicant to expand its existing mining operations based on its current approved mining tenure.

As another precautionary measure, and in order to protect the tenure of the two Prospecting Rights that were refused by the DEA Appeal decision, the Company is entitled to submit new prospecting rights applications over these respective prospecting areas. These second Prospecting Rights applications (WC30/5/1/1/2/10261PR over the beaches north of Tormin and WC30/5/1/1/2/10262PR over the farm Geelwal Karoo) were lodged on 22 December 2016.

Despite the ongoing issues which the Company has experienced in securing additional prospecting tenure, the Company is confident that underlying fundamental requirements of social and economic upliftment can be managed with environmental responsibility to provide sustainable mine operations at the Tormin site.

In addition, the Company has also made a prospecting rights application for further onshore areas at Klipvley Karookop, to the north of its Geelwal Karoo farm.

The Company initiated an aerial survey of the entire Tormin beach deposit, targeted to determine resource changes over the entire mining area, volumetrically. This will allow the Company to better understand and quantify the total beach deposition tonnages, grade, and its exact location of deposition.

CORPORATE AND FINANCIAL

At 31 December 2016, the Company had US\$2.9 million in cash, with trade and other receivables of US\$8.0 million.

Immediately following the year end, the Company advised that shareholder loans from two of its largest shareholders, Au Mining Ltd and Regional Management Pty Ltd, totalling approximately US\$1.1 million were repaid in full.

The US\$4.5 million loan facility obtained from GMA to finance the GSP was fully drawn by year end. Repayments on and interest charges against the facility will not commence until such time as GMA takes continuous shipment of its 210,000 tonnes per annum off-take commitment.

The Company's overdraft facility limit of US\$1.1 million was undrawn as at 31 December 2016. The facility limit was reduced to US\$0.5 million subsequent to year end.

The Company continues to assess alternate financing arrangements albeit cognizant of the nature of the type of resources and assets held by the Company. Based on current Ilmenite and Garnet concentrate pricing, the Company has in excess of US\$25 million in unrealised net cash value (revenue at current concentrate prices less expected transport, selling and royalty costs and amounts paid to date under bill and hold arrangements) in its garnet and ilmenite concentrate stockpiles. Accordingly, the Company is looking at unlocking this value by the provision of a stockpile financing facility.

CONSOLIDATED RESULT AND FINANCIAL POSITION

The profit of the Group after income tax and non-controlling interests was \$3.8m (2015: \$10.6m).

Revenue for the year was \$27.1m (2015: \$46.4m), with profit before income tax expense of \$6.6m (2015: \$12.9m).

The variance in reported revenue was pre-dominantly due to lower Garnet concentrate sales in the 2016 year, and lower Zircon/ Rutile concentrate production and sale prices achieved.

Directors' report



Profitability in 2016 was impacted by the lower revenue, offset in part by operating cost saving and the Rand depreciation in the 2016 year.

The net assets of the Group have increased from \$31.7m as at 31 December 2015 to \$36.1m as at 31 December 2016.

OUTLOOK

Work will continue on the Tormin on the Mineral Separation Plant ("MSP") expansion initiative with ongoing process design test work being undertaken in the last quarter of the year as well as freshwater washing quantification testing of Ilmenite and Garnet concentrates for final product processing through the MSP.

The MSP plant site location and scope of works have been advanced and the proposed MSP plant is anticipated to be capable of processing up to 300,000 tonnes per annum of Ilmenite / Garnet concentrate to produce 150,000 tonnes of finished Ilmenite product and 100,000 tonnes of finished Garnet product per annum. Additionally, a further 5,000 to 7,000 tonnes per annum of finished Zircon product could also be produced from the processing of the Ilmenite and Garnet concentrate currently being produced.

The current Ilmenite pricing strength supports the MSP project and will allow the Company to extract full value from its existing Ilmenite and Garnet concentrate stockpiles, which currently total some 750,000 tonnes cumulatively, in addition to future Ilmenite and Garnet concentrate production.

The Company recognises it will need to continue to work with the issues surrounding mining a replenishing beach and the uncertainties relating to replenishment quantities and grade. Mitigation management includes the adjustment of mining rates to allow sufficient time for the active beach mining areas to replenish, which may result in the scaling back of operations at various periods throughout the year and the adoption of specialised mining equipment that will allow access to the previously unmined portions of the resource which sit within the perimeter of the lower tidal boundaries and surf zone.

A strong concerted focus continues to work through the necessary permitting approvals to secure the granting of Prospecting Rights and Mining Rights which will allow access to known and potential resources and extend the mine life of the Tormin operation substantially into the future.

The Company continues to advance with other greenfield and brownfield project identification and business development opportunities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the year's operational performance and the resulting financial impact is set out in the review of operations above.

No event or transaction has arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature likely, other than what has been disclosed elsewhere in this financial report, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Company or the Group in future financial years unless otherwise disclosed in this Directors' Report.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Other than disclosed in the review of operations above, there have been no other material matters arising subsequent to the end of the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group that were not finalised at the date of this report are included in the review of operations above and as detailed in the Outlook section.

The Board will continue to review other projects and opportunities in the interests of increasing shareholder value.



ENVIRONMENTAL REGULATION

The Group is subject to various environmental regulations in respect to its exploration, development and production activities. In the course of its normal mining and exploration activities, the Group adheres to all environmental regulations imposed upon it by the relevant regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

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

SCHEDULE OF MINING AND PROSPECTING TENEMENTS

Mining and prospecting tenements currently held or under application by the Group are:

COUNTRY	LOCATION	NUMBER	TYPE OF RIGHT	STATUS	BENEFICIAL INTEREST
South Africa	Tormin	(WC) 30/5/1/1/2/10261 PR	Prospecting	Under Application	100%
South Africa	Tormin	(WC) 30/5/1/1/2/10262 PR	Prospecting	Under Application	100%
South Africa	Tormin	(WC) 30/5/1/2/2/163 MR	Mining	Approved	100%
South Africa	Tormin	(WC) 30/5/1/1/2/10259 PR	Prospecting	Under Application	100%
South Africa	Tormin	(WC) 30/5/1/2/2/162 MR	Mining	Approved	100%
South Africa	Tormin	(WC) 30/5/1/1/2/10036 PR	Prospecting	Under Application	100%
South Africa	Tormin	(WC) 30/5/1/1/2/10199 PR	Prospecting	Under Application	100%
South Africa	Tormin	(WC) 30/5/1/1/2/10226 PR	Prospecting	To be subject to Judicial Review	100%
South Africa	Tormin	(WC) 30/5/1/1/2/10229 PR	Prospecting	To be subject to Judicial Review	100%
South Africa	Tormin	(WC) 30/5/1/1/2/10240 PR	Prospecting	Under Application	100%
South Africa	Xolobeni	(EC) 30/5/1/1/2/6 PR	Prospecting	Converting to Mining Right	100%
South Africa	Xolobeni - Kwanyana Block	(EC) 30/5/1/1/2/10025 PR	Prospecting	Converting to Mining Right	100%
South Africa	Xolobeni	(EC) 30/5/1/1/2/10025 MR	Mining	Converting to Mining Right	100%

Directors' report

INFORMATION ON DIRECTORS

MARK VICTOR CARUSO

Executive Chairman and Chief Executive Officer
Age 55

EXPERIENCE AND EXPERTISE

Mr Caruso has extensive experience in mining, earthmoving and civil engineering construction earthworks. He has been a Director of the Company since September 2000. He was previously Chairman of Allied Gold Mining PLC (AGMP), responsible for the delivery of the Gold Ridge Project in the Solomon Islands and the Simberi Gold Project in Papua New Guinea. After resigning from AGMP, he transitioned into the position of Executive Chairman of the Company in August 2012.

OTHER CURRENT DIRECTORSHIPS

Perpetual Resources Limited

FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

None

SPECIAL RESPONSIBILITIES

Chairman of the Board
Chief Executive Officer

INTERESTS IN SHARES AND OPTIONS

78,554,014 ordinary shares in the Company – indirect holding ¹
15,784 ordinary shares in the Company – direct holding
5,000,000 options over ordinary shares in the Company

JOSEPH ANTHONY CARUSO

Non-Executive Director
Age 71

EXPERIENCE AND EXPERTISE

Mr Caruso was appointed as Non-Executive Director of the Company in September 2000. He is a director of Zurich Bay Holdings Pty Ltd and Construction Manager of Simto Australia Pty Ltd, both of which are involved in mining, earthmoving and civil engineering construction earthworks. He has considerable experience in managing and administration of engineering, mining, raw materials production operations, earthmoving and related infrastructure utilities services resource contracts.

OTHER CURRENT DIRECTORSHIPS

None

FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

None

SPECIAL RESPONSIBILITIES

Member of the Remuneration and Nomination Committee
Mineral Commodities Ltd

INTERESTS IN SHARES AND PERFORMANCE RIGHTS

77,007,485 ordinary shares in the Company ¹
1,000,000 performance rights over ordinary shares in the Company
¹ J A Caruso and M V Caruso are both directors of and have a relevant interest in Zurich Bay Holdings Pty Ltd, which holds 77,007,485 shares in the Company. Mr Mark Caruso also holds shares indirectly through Regional Management Pty Ltd.

PETER PATRICK TORRE

CA, AGIA, MAICD
Non-Executive Director and Company Secretary
Age 45

EXPERIENCE AND EXPERTISE

Mr Torre was appointed Company Secretary of the Company in July 2006, and as a Director of the Company on 1 April 2010. He is a Chartered Accountant, a Chartered Secretary and a member of the Australian Institute of Company Directors. He was previously a partner of an internationally affiliated firm of Chartered Accountants. Mr Torre is the Company Secretary of several ASX listed companies.

OTHER CURRENT DIRECTORSHIPS

None

FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

WestStar Industrial Ltd

SPECIAL RESPONSIBILITIES

Company Secretary and member of the Audit, Compliance and Risk Committee

INTERESTS IN SHARES AND PERFORMANCE RIGHTS

625,000 ordinary shares in the Company
1,000,000 performance rights over ordinary shares in the Company

GUY REDVERS WALKER

BCA, CA, CFA, CMINSTD
Senior Independent Non-Executive Director
Age 47

EXPERIENCE AND EXPERTISE

Mr Walker is a highly accomplished director and senior investment management executive with over 20 years' financial markets experience. He currently and in the past has sat on the boards of listed mining companies including exploration, development and production companies. He has extensive experience in capital raising through both traditional banks and alternative lenders.

OTHER CURRENT DIRECTORSHIPS

Metals Exploration plc

FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

Bacanora Minerals Ltd
ENK plc
Navigator Resources Limited

SPECIAL RESPONSIBILITIES

Senior Independent Non-Executive Director, Chairman of the Audit, Compliance and Risk Committee and member of the Remuneration and Nomination Committee

INTERESTS IN SHARES AND PERFORMANCE RIGHTS

125,000 ordinary shares in the Company
1,000,000 performance rights over ordinary shares in the Company

COLIN ROSS HASTINGS

BSc (Geology), MSc (Economic Geology), MAusIMM
Independent Non-Executive Director
Age 66

EXPERIENCE AND EXPERTISE

Mr Hastings was appointed as a non-executive Director in April 2015. He is a geologist with over 30 years' experience in mining and exploration, project generation and project development, covering Australia and overseas. He has a strong geotechnical background with 10 years' experience in this field and has extensive experience in mining related disciplines and processes. From 1996 to 2014, Mr Hastings was involved with Allied Gold PLC's Simberi Gold Project where his roles included management of exploration and the feasibility and pre-development studies for mine construction. Mr Hastings then progressed to General Manager Resource Development and concluded his tenure at St Barbara subsequent to the merger between it and Allied Gold Mining PLC.

OTHER CURRENT DIRECTORSHIPS

Perpetual Resources Limited

FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

None

SPECIAL RESPONSIBILITIES

Chairman of the Remuneration and Nomination Committee and member of the Audit, Compliance and Risk Committee

INTERESTS IN SHARES AND PERFORMANCE RIGHTS

1,000,000 performance rights over ordinary shares in the Company

Directors' report



DIRECTORS AND KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The relevant interest of each Director and key management personnel in the share capital of the Company, shown in the Register of Directors' and Key Management Personnel Shareholding at the date of the Directors' Report is as follows:

		BALANCE AS AT 1 JANUARY 2016	RECEIVED AS REMUNERATION	INCREASE AS A RESULT OF OPTIONS EXERCISED	NET CHANGE	BALANCE AS AT 31 DECEMBER 2016
Mark Caruso	• Indirect	78,554,014	-	-	-	78,554,014
	• Direct	15,784	-	-	-	15,784
Joseph Caruso		77,007,485	-	-	-	77,007,485
Peter Torre		625,000	-	-	-	625,000
Guy Walker		125,000	-	-	-	125,000
Ross Hastings		-	-	-	-	-
Tony Sheard		150,000	-	-	-	150,000

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and each of the Board committees held during the year ended 31 December 2016, and the number of meetings attended by each Director were:

NAME	DIRECTORS' MEETINGS		MEETINGS OF COMMITTEES			
			AUDIT, COMPLIANCE AND RISK		REMUNERATION AND NOMINATION	
Number of meetings held A being total of meetings eligible to attend B being total of meetings actually attended	A	B	A	B	A	B
Mark Victor Caruso	9	8	0	0	0	0
Joseph Anthony Caruso	9	7	0	0	4	4
Peter Patrick Torre	9	9	4	4	0	0
Guy Redvers Walker	9	9	4	4	4	4
Colin Ross Hastings	9	9	4	4	4	4

Other matters of Board business have been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings of the Directors held to control, implement and monitor the Company's activities throughout the year.



REMUNERATION REPORT (AUDITED)

This remuneration report sets out the remuneration information for the Company's non-executive Directors, executive Directors, other key management personnel and the key executives of the Group and the Company. The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Additional information
- F. Other transactions with key management personnel

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board reviews the remuneration packages of all key management personnel, if any, on an annual basis and makes recommendations. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Remuneration packages may contain the following key elements:

- (a) Directors' fees;
- (b) Salary and consultancy; and
- (c) Benefits, including the provision of a motor vehicle and superannuation.

Fees payable to non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. The Board reviews non-executive Directors' fees and payments on annual basis. The non-executive Directors fee pool was set at \$500,000 on 30 May 2008 at the Annual General Meeting. Non-executive director fees are paid with an aggregate limit (currently \$500,000) which is approved by the shareholders from time to time. Non-executive directors serve in accordance with a standard letter of appointment which sets out the remuneration arrangements.

Executives are offered a competitive base pay which is reviewed annually to ensure the pay is competitive with the market. There were short term cash incentives provided to both the Executive Chairman and Chief Financial Officer ("CFO"). Long-term incentives are provided to Directors and other key management personnel to incentivise them to deliver long-term shareholder returns.

These are determined based on what the Board views as reasonable based on market conditions. Any grant of securities to Directors of the Company must be approved by shareholders in a general meeting.

The Directors are not required to hold any shares in the Company under the constitution of the Company; however, to align Directors' interests with shareholders' interests the Directors are encouraged to hold shares in the Company.

As at 31 December 2016, the short term cash bonus incentives are up to 25% of base pay calculated on Company performance and other key performance indicators. Directors' fees are fixed.

	2016	2015	2014	2013	2012	2011	2010
Profit /(loss) for the year after tax (USD)	3,777,834	10,576,785	8,376,344	(1,569,980)	(1,233,344)	(2,206,055)	(1,494,207)
Closing share price (AUD)	13.0 cents	10.0 cents	11.0 cents	18.5 cents	9.9 cents	7.5 cents	8.1 cents

Directors' report

Voting and comments made at the Company's 2016 Annual General Meeting

The Company received the unanimous support of shareholders present on the remuneration report at the AGM for the 2015 financial year and 99.7% of proxy votes were in favour of the resolution to approve the remuneration report. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

B. DETAILS OF REMUNERATION

The key management personnel of the Group are the Directors of the Company, Mr Logan Francis, the Chief Operating Officer ("COO"), and Mr Tony Sheard, the CFO. Mr Logan Francis was

appointed on 17th October 2016. The amounts disclosed are applicable for the Company.

Details of the remuneration of Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the Company are set out in the following tables. There are no long term benefits amounts due to Directors and key management personnel, other than those disclosed. Non-cash benefits in the form of performance rights were provided to directors during the year. The following fees are applicable to Directors and key management personnel of the Company.

NAME	YEAR	CASH SALARY (A\$)	CASH BONUS (A\$)	ANNUAL AND LONG SERVICE LEAVE (A\$)	POST-EMPLOYMENT BENEFITS (A\$)	SHARE-BASED PAYMENTS (OPTIONS & PERFORMANCE RIGHTS) (A\$)	TOTALS (A\$)	PERCENTAGE PERFORMANCE BASED (%)	SHARE BASED PAYMENTS AS A PERCENTAGE OF REMUNERATION (%)
Directors									
Mark Caruso	2016	581,516	120,000	19,902	18,484	76,298	816,200	14.7	9.3
	2015	547,945	150,000	43,882	52,055	149,590	943,472	15.9	15.9
Joseph Caruso	2016	63,927	-	-	6,073	22,780	92,780	-	24.6
	2015	63,934	-	-	6,066	-	70,000	-	-
Peter Torre	2016	150,000	-	-	-	22,780	172,780	-	13.2
	2015	150,000	-	-	-	-	150,000	-	-
Guy Walker	2016	80,000	-	-	-	22,780	102,780	-	22.2
	2015	80,000	-	-	-	-	80,000	-	-
Ross Hastings (appointed 2 April 2015)	2016	71,324	-	-	8,676	22,780	102,780	-	22.2
	2015	52,311	-	-	4,828	-	57,139	-	-
James Leahy (resigned 27 May 2015)	2016	-	-	-	-	-	-	-	-
	2015	32,667	-	-	-	-	32,667	-	-
Total Director Remuneration	2016	946,767	120,000	19,902	33,233	167,418	1,287,320	9.3	13.0
	2015	926,857	150,000	43,882	62,949	149,590	1,333,278	11.3	11.2
Other Key Management Personnel									
Tony Sheard	2016	252,288	55,344	2,827	21,548	13,384	345,391	16.0	3.9
	2015	251,142	59,813	9,981	23,858	26,182	370,976	16.1	7.1
Logan Francis (appointed 17 Oct 2016)	2016	56,503	-	5,289	4,099	-	65,891	-	-
	2015	-	-	-	-	-	-	-	-
Total Key Management Personnel Remuneration	2016	1,255,558	175,344	216,743	28,018	180,802	1,856,465	10.3	10.6
	2015	1,177,999	209,813	53,863	86,807	175,772	1,704,254	12.3	10.3



Other short and long term benefits forming part of the service agreements are detailed below:

Cash bonus

The Executive Chairman was entitled to an annual bonus of 25% of the Base Remuneration, measured against the following criteria, 20% weighting for each:

1. Mine production against budget;
2. Securing and entering into an offtake agreement for Ilmenite;
3. Achieving Budget Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") taking into account uncontrollable variables at the discretion of the Board;
4. Completion of a strategic review of the Xolobeni Project to determine and optimise the most appropriate economic project development timeline and structure; and
5. Completion and commissioning of the GSP on schedule and budget.

Future bonuses of the Executive Chairman will be at the sole discretion of the Board.

The measurable objectives were chosen to ensure the Executive Chairman was incentivised to meet budgeted production and EBITDA; secure offtake agreements for the Company's remaining product not currently being sold into the markets; to complete the expansion initiatives of the Company and to undertake a strategic review of the Company's other mineral sands project in South Africa.

The Chairman of the Remuneration and Nomination Committee assessed the performance of the Executive Chairman, and reviewed his performance against the above set measurable objectives, taking into account other mitigating factors throughout the year. The Remuneration and Nomination Committee has reviewed the assessment and awarded 80% of the full bonus of 25% of the Base Remuneration.

As the COO only commenced employment on 17 October 2016, there is no entitlement to any cash bonus for the 2016 year.

The CFO was entitled to an annual bonus of 25% of the Base Remuneration, measured against the following criteria, one third weighting for each:

1. Performance against scope of services set out in the employment contract at the sole discretion of the Executive Chairman;
2. Board Reporting within set timing each month; and
3. Achieving EBTIDA against budget taking into account uncontrollable variables at the discretion of the Board.

Future bonus of the CFO will be at the sole discretion of the Board.

The measurable objectives were chosen to align the two key executives incentives in terms of meeting budgeted EBITDA; to ensure the CFO performed each of the tasks outlined in his employment contract which are typical of that for a CFO position, and timely reporting to the Board to ensure business decisions can be made on a timely and informed basis.

The Executive Chairman assessed the performance of the CFO against the above measurable objectives and awarded 80.5% of the full bonus of 25% of the Base Remuneration.

Directors' report

Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the previous table:

NAME	FIXED REMUNERATION		AT RISK - STI		AT RISK - LTI	
	2016	2015	2016	2015	2016	2015
Directors						
<i>Executive Chairman</i>						
Mark Caruso	76%	68%	15%	16%	9%	16%
<i>Non-Executive Directors</i>						
Joseph Caruso	75%	100%	0%	0%	25%	0%
Peter Torre	87%	100%	0%	0%	13%	0%
Guy Walker	78%	100%	0%	0%	22%	0%
Ross Hastings	78%	100%	0%	0%	25%	0%
Other Key Management Personnel						
Tony Sheard	80%	71%	16%	23%	4%	6%
Logan Francis	100%	NA	0%	NA	0%	NA

C. SERVICE AGREEMENTS

MARK CARUSO

Commencement date	6 August 2012
Term	No fixed term
Total Remuneration package	A\$600,000 per annum (inclusive of statutory superannuation), effective from 12 September 2014, and cash bonus as set out above
Termination benefits	12 months' base salary plus any payment in lieu of notice

PETER TORRE

Commencement date	1 November 2012
Term	No fixed term
Total Remuneration package	A\$150,000 per annum
Termination benefits	12 months' base salary plus any payment in lieu of notice

TONY SHEARD

Commencement date	1 January 2015
Term	No fixed term
Total Remuneration package	A\$275,000 per annum (inclusive of statutory superannuation) and cash bonus as set out above
Termination benefits	Nil unless constructive redundancy in which case 12 months' salary

LOGAN FRANCIS

Commencement date	17 October 2016
Term	No fixed term
Total Remuneration package	A\$290,000 per annum (inclusive of statutory superannuation) and cash bonus as set out above
Termination benefits	Nil unless constructive redundancy in which case 12 months' salary

There are no other service agreements.

D. SHARE BASED COMPENSATION

Employee Options

No options were granted as remuneration during the year ended 31 December 2016.

Options vested during the year is:

Mark Caruso 1,666,668

Tony Sheard 333,333

The terms and conditions of each grant of options are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE	OPTIONS AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AT THE END OF THE YEAR
27 May 2015	30 May 2018	20 cents	4.90 cents	5,000,000	-	-	-	-	5,000,000	3,333,334
7 Sept 2015	31 Mar 2018	20 cents	5.40 cents	1,000,000	-	-	-	-	1,000,000	666,667
Total				6,000,000	-	-	-	-	6,000,000	4,000,001

	BALANCE AS AT 1 JANUARY 2016	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	OPTIONS LAPSED	BALANCE AS AT 31 DECEMBER 2016
Mark Caruso	5,000,000	-	-	-	5,000,000
Tony Sheard	1,000,000	-	-	-	1,000,000
Total	6,000,000	-	-	-	6,000,000

Directors' report

Grant of Performance Rights

The issue of Performance Rights was approved by shareholders at a general meeting of the Company held on 25 May 2016. The Incentive Performance Rights Plan is designed to provide long-term incentives for senior managers and above (including directors) to deliver long-term shareholder returns. Performance Rights granted under the plan carry no dividend or voting rights. The Performance Rights is exercisable on or before 30 May 2019 and will vest upon the closing Share price reaching \$0.20 and remaining at or above \$0.20 for a period of 5 consecutive trading days. The Performance Rights will only vest upon the satisfaction of the market based vesting conditions stated above and has no performance based conditions.

The following performance rights were issued to the non-executive directors during the year:

	GRANT DATE	EXPIRY DATE	EXERCISE PRICE (A\$)	NO OF PERFORMANCE RIGHTS
Joseph Caruso	25 May 2016	30 May 2019	20 cents	1,000,000
Peter Torre	25 May 2016	30 May 2019	20 cents	1,000,000
Guy Walker	25 May 2016	30 May 2019	20 cents	1,000,000
Ross Hastings	25 May 2016	30 May 2019	20 cents	1,000,000

Details of performance rights over ordinary shares in the Company provided as remuneration to key management personnel are shown below:

	BALANCE AS AT 1 JANUARY 2016	RECEIVED AS REMUNERATION	PERFORMANCE RIGHTS VESTED	PERFORMANCE RIGHTS EXPIRED	BALANCE AS AT 31 DECEMBER 2016
Joseph Caruso	-	1,000,000	-	-	1,000,000
Peter Torre	-	1,000,000	-	-	1,000,000
Guy Walker	-	1,000,000	-	-	1,000,000
Ross Hastings	-	1,000,000	-	-	1,000,000
Total	-	4,000,000	-	-	4,000,000

E. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Mine Site Construction Services ("MSCS"), a company associated with Mr Mark Caruso and Mr Joseph Caruso has provided the followings services to the Company during 2016:

- Provision of office space**

The amount paid by the Company to MSCS for the year ended 31 December 2016 was \$90,199 (2015: \$47,734). This is considered to be an arm's length commercial rent. There is a formal sub lease in place.

- Provision of secretarial staff to the Executive Chairman**

The amount paid by the Company to MSCS for the year ended 31 December 2016 was \$76,329 (2015: \$57,784). The amounts payable are pursuant to an Executive Service Agreement and have been reimbursed on an arm's length basis at normal commercial rates.

- Provision of technical staff**

The amount paid by the Company to MSCS for the year ended 31 December 2016 was \$210,413 (2015: \$299,422). The amounts payable have been in respect to the provision of technical staff at the Groups' head office and at the Tormin project and have been reimbursed on an arms-length basis at normal commercial rates.

- Others**

The amount paid by the Company to MSCS for the year ended 31 December 2016 was \$127,799 (2015: \$128,259). The amounts payable have been in respect of telecommunication charges and miscellaneous payments made by MSCS on behalf of the Company. The amounts have been reimbursed on an arms-length basis at normal commercial rates.

As at 31 December 2016, amount payable to MSCS is \$106,049. Ross Hastings, one of the Directors has provided consulting services to one of the Company's projects during the year ended 31 December 2016. The amount paid by the Company to Ross Hastings for the year ended 31 December 2016 was \$6,306 (2015: \$nil). The amounts payable have been reimbursed on an arm's length basis at normal commercial rates.

As announced by the Company on 30 May 2014, the Company obtained an unsecured short term working capital facility of up to \$4m from major shareholders. This included a A\$2 million facility provided by Regional Management Pty Ltd ("RMS"), a related party of Mr Mark Caruso, the Executive Chairman of the Company.

Pursuant to the Loan Agreement entered into between the Company and RMS, the lender provided a finance facility capped at A\$2 million on the following arm's-length and commercial terms:

- Loan was unsecured;
- Interest of 13% per annum;
- Line fee of 1% and establishment fee of 1%;
- Repayment to take in three equal tranches on 31 January 2015, 28 February 2015 and 31 March 2015 (which was subsequently extended); and
- Default interest of 10% if not repaid on the repayment date.

As at 31 December 2016, the balance (including interest payable) outstanding is \$583,044. Interest paid amounted to \$90,804 in 2016. The loan was fully repaid on 4 January 2017.

End of the audited remuneration report

INSURANCE OF OFFICERS

During the financial year, the Group has paid an insurance premium to insure the Directors and secretaries of the Company and its controlled entities. The provision of details in respect to the terms and conditions of the policy are prohibited from disclosure under the terms of the policy.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit, Compliance and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit, Compliance and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd and BDO Tax (WA) Pty Ltd, its related practices and related firms:

	31 DEC 2016 \$	1 DEC 2015 \$
Audit services		
<i>Audit and review of financial reports</i>		
BDO Audit (WA) Pty Ltd	44,020	60,790
BDO Johannesburg South Africa	23,597	48,588
	67,616	109,378
Non-audit services		
<i>Taxation and company secretarial (South African entities)</i>		
BDO Tax (WA) Pty Ltd	71,552	80,366
BDO Johannesburg South Africa	-	6,964
	71,552	87,330

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 22 and forms part of this report.

AUDITOR

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

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



Mark Caruso
Executive Chairman
Perth, Western Australia
28 February 2017



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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MINERAL COMMODITIES LTD

As lead auditor of Mineral Commodities Ltd for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Mineral Commodities Ltd and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2017

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Financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	NOTES	31 DEC 2016 \$	31 DEC 2015 \$
Revenue from continuing operations			
Sale of product	2.2	26,872,575	46,180,153
Other revenue	2.2	245,900	259,625
		27,118,475	46,439,778
Expenses			
Mining and processing costs	2.3(i)	(17,322,306)	(30,546,945)
Other expenses from ordinary activities			
Administration expenditure	2.3(ii)	(3,074,049)	(2,279,479)
Impairment charge		-	(172,398)
Share based payment expenses	7.2	(134,458)	(132,251)
Finance costs	5.2	(30,491)	(377,556)
Profit before income tax		6,557,171	12,931,149
Income tax (expense) / benefit	2.4(i)	(2,779,337)	(2,354,364)
Profit after income tax		3,777,834	10,576,785
Profit is attributable to:			
Owners of Mineral Commodities Ltd		3,777,834	10,576,785
Non-controlling interest		-	-
		3,777,834	10,576,785
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	2.5	0.93	2.61
Diluted earnings per share	2.5	0.93	2.57

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	NOTES	31 DEC 2016 \$	31 DEC 2015 \$
Profit for the year		3,777,834	10,576,785
Other comprehensive income			
Changes in the fair value of available-for-sale financial assets	5.3	(50,380)	6,387
Exchange differences on translation of foreign operations	5.3	3,496,590	(10,240,709)
Other comprehensive income for the year, net of tax		3,446,210	(10,234,322)
Total comprehensive income for the year		7,224,044	342,463
Total comprehensive income for the year is attributable to:			
Owners of Mineral Commodities Ltd		7,224,044	342,463
Non-controlling interest		-	-
		7,224,044	342,463

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	NOTES	31 DEC 2016 \$	31 DEC 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	4.1	2,873,135	4,227,444
Trade and other receivables	4.2	2,176,759	2,348,737
Inventories	4.3	7,997,031	2,301,803
Available-for-sale financial assets		12,595	63,866
Total Current Assets		13,059,520	8,941,850
Non-current assets			
Trade and other receivables	4.2	5,807,323	4,650,398
Exploration expenditure	3.1	6,460,268	5,323,062
Mine development expenditure	3.2	7,656,202	7,589,359
Property, plant and equipment	3.3	16,103,545	11,302,408
Deferred tax assets	2.4(ii)	884,646	3,517,369
Total Non-Current Assets		36,911,984	32,382,596
Total Assets		49,971,504	41,324,446
LIABILITIES			
Current liabilities			
Trade and other payables	4.4	3,445,086	3,153,297
Borrowings	5.1	2,452,592	2,970,210
Employee benefits	7.1	326,347	252,938
Current tax liabilities		66,849	-
Total Current Liabilities		6,290,874	6,376,445
Non-current liabilities			
Provisions	3.5	152,016	63,000
Long term borrowings	5.1	4,937,073	988,584
Employee benefits	7.1	49,198	15,086
Deferred tax liabilities	2.4(ii)	2,421,766	2,204,851
Total Non-current Liabilities		7,560,053	3,271,521
Total Liabilities		13,850,927	9,647,966
NET ASSETS		36,120,577	31,676,480
Equity			
Contributed equity	5.3	63,437,092	63,437,092
Reserves	5.3	(17,189,759)	(20,508,920)
Accumulated losses	5.3	(10,240,395)	(11,365,331)
Parent entity interest		36,006,938	31,562,841
Non-controlling interest	5.3	113,639	113,639
TOTAL EQUITY		36,120,577	31,676,480

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	NOTES	31 DEC 2016 \$	31 DEC 2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		26,784,168	37,475,013
Payments to suppliers and employees		(22,345,049)	(28,336,874)
Net cash inflow from operating activities	4.1 (ii)	4,439,119	9,138,139
Cash flows from investing activities			
Exploration expenditure		(178,556)	(845,318)
Payments for property, plant and equipment		(6,221,297)	(3,356,090)
Payments for development expenditure		(364,851)	(1,869,848)
Advance to third parties		(95,038)	-
Interest received		-	8,113
Net cash outflow from investing activities		(6,859,742)	(6,063,143)
Cash flows from financing activities			
Dividends paid to shareholders		(2,914,405)	-
Proceeds from borrowings		5,835,124	3,203,052
Repayment of borrowings		(1,430,110)	(5,139,048)
Interest paid on borrowings		(385,191)	(669,586)
Net cash inflow/ (outflow) from financing activities		1,105,418	(2,605,582)
Net increase/(decrease) in cash and cash equivalents		(1,315,205)	469,414
Cash and cash equivalents at beginning of financial year	4.1	4,227,444	4,216,052
Effects of exchange rate changes on cash and cash equivalents		(39,104)	(458,022)
Cash and cash equivalents at end of financial year	4.1	2,873,135	4,227,444

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	CONTRIBUTED EQUITY \$	RESERVES \$	ACCUMULATED LOSSES \$	TOTALS \$	NON-CONTROLLING INTEREST \$	TOTALS EQUITY \$
For the year ended 31 December 2016						
At 1 January 2016	63,437,092	(20,508,920)	(11,365,331)	31,562,841	113,639	31,676,480
Profit for the year	-	-	3,777,834	3,777,834	-	3,777,834
Other comprehensive income for the year	-	3,446,210	-	3,446,210	-	3,446,210
Total comprehensive income / (loss) for the year	63,437,092	3,446,210	3,777,834	7,224,044	-	7,224,044
Transaction with owners in their capacity as owners	-	-	-	-	-	-
Issue of share based payments	-	134,458	-	134,458	-	134,458
Transfer to retained earnings on expiry of unlisted options	-	(261,507)	261,507	-	-	-
Dividends paid	-	-	(2,914,405)	(2,914,405)	-	(2,914,405)
Balance at the end of the year	63,437,092	(17,189,759)	(10,240,395)	36,006,938	113,639	36,120,577

	CONTRIBUTED EQUITY \$	RESERVES \$	ACCUMULATED LOSSES \$	TOTALS \$	NON-CONTROLLING INTEREST \$	TOTALS EQUITY \$
For the year ended 31 December 2015						
At 1 January 2015	63,437,092	(10,402,894)	(21,942,116)	31,092,082	113,639	31,205,721
Profit for the year	-	-	10,576,785	10,576,785	-	10,576,785
Other comprehensive income for the year	-	(10,234,322)	-	(10,234,322)	-	(10,234,322)
Total comprehensive income / (loss) for the year	-	(10,234,322)	10,576,785	342,463	-	342,463
Transaction with owners in their capacity as owners	-	-	-	-	-	-
Issue of share based payments	-	134,458	-	128,296	-	128,296
Balance at the end of the year	63,437,092	(20,508,920)	(11,365,331)	31,562,841	113,639	31,676,480

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Structure of the Financial Report

For the 2016 financial report, the Group has adopted AASB 2015-2 Disclosure Initiative: amendments to AASB 101 Presentation of Financial Statements. The amendments are designed to facilitate improved reporting.

To reduce complexity and increase relevance to users, the layout and wording of the notes to the consolidated financial statement in this financial report has been changed. The revised notes include information that is considered material and relevant to understanding the results of the Group. The notes are organised into key sections to provide an enhanced understanding of the Group's performance that is aligned to management's view of the business.

Significant and other accounting policies that summarise the measurement bases and that are relevant to the understanding of the financial statements are provided throughout the notes to the financial statements.

1. BASIS OF PREPARATION

This section provides information about the overall basis of preparation that is considered to be useful in understanding these financial statements. Accounting policies specific to the various components of the financial statements are located within the relevant section of the report.

1.1 CORPORATE INFORMATION

Mineral Commodities Ltd (the "Company") is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange ("ASX"). The nature of the operations and principal activities of the Company and its controlled entities are described in the directors' report and in the segment information in Note 2.1.

The financial report of the Company for the year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 28 February 2017.

1.2 BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Corporations Act 2001. Mineral Commodities Ltd is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments)

(iii) Presentation currency

The consolidated financial statements are presented in United States ("USD") dollars, which is the Company's presentation currency.

(iv) New and amended standards adopted by the Group

The Group applied the following amendments to accounting standards applicable for the first time for the financial year beginning 1 January 2016.

- AASB 2015-2 Disclosure Initiative: Amendments to AASB 101 Presentation of Financial Statements
This Standard made amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to facilitate improved reporting, including emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation of subtotals, the ordering of notes and the identification of significant accounting policies. The application of this Standard affects the presentation of the Group's financial statements.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year.

1.3 COMPARATIVE INFORMATION

Certain comparatives have been reclassified to conform to current year presentation.

1.4 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the parent entity, Mineral Commodities Ltd, and its controlled entities (together are referred to hereafter as the "Group"). A list of significant controlled entities is presented in Note 6.1.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

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

Non-controlling interests in the results and equity of the entities that are not controlled by the Group is shown separately in the Income Statement, Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.5 FOREIGN CURRENCY

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars, which is the Company's presentation currency.

- Assets and liabilities for each balance sheet presented have been translated at the closing rate at the date of balance sheet;
- Results for the cash flow statement were translated at average daily exchange rates from 1 January 2016 to 31 December 2016; and
- exchange differences on translating income, expenses and movements in equity and reserves at annual average exchange rates and assets and liabilities at closing exchange rates from functional currency to presentation currency are taken to the foreign currency translation reserve in the equity section and under other comprehensive income/(expense) in the statement of comprehensive income.

(ii) Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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

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

1.6 GOODS AND SERVICES TAX (GST) AND VALUE ADDED TAX (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT except where the GST and VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and where receivables and payables are stated with the amount of GST and VAT included. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included as part of receivables in the consolidated balance sheet. Cash flows are included in the statements of cash flows on a gross basis and the GST and VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST and VAT recoverable from, or payable to, the relevant taxation authority.

1.7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes significant estimates and judgements concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are found in the following notes:

Note 2.2: Revenue recognition

Note 2.4: Recognition of deferred taxes

Note 3.1: Exploration and evaluation expenditure

Note 3.2: Development expenditure

Note 3.3: Property, plant and equipment

Note 3.5: Rehabilitation provisions

2. FINANCIAL PERFORMANCE

This section highlights key financial performance of the Group for the reporting period including, where applicable, the accounting policies applied and the key estimates and judgements made.

2.1 SEGMENT INFORMATION

(i) Description of segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of directors which makes strategic decisions.

There is no goodwill attaching to any of the segments. There has been no impact on the measurement of the assets and liabilities reported for each segment.

The chief operating decision maker has identified three reportable segments to its business, being:
The chief operating decision maker has identified three reportable segments to its business, being:

1. Mineral Sands mining and production (Tormin Mineral Sands project) – South Africa;
2. Mineral Sands exploration (Xolobeni Mineral Sands project) – South Africa; and
3. Corporate (management and administration of the Company's projects and marketing and sales of finished products) – Australia and South Africa.

(ii) Segment results, segment assets and segment liabilities

The segment information provided to the chief operating decision maker for the reportable segments for the year ended 31 December 2016 is as follows:

	TORMIN PROJECT	XOLOBENI PROJECT	CORPORATE	CONSOLIDATION ELIMINATIONS	TOTAL
2016	\$	\$	\$	\$	\$
Total segment revenue	27,008,143	-	26,872,498	-	53,880,641
Inter-segment revenue	(26,762,166)	-	-	-	(26,762,166)
Revenue from external customers	245,977	-	26,872,498	-	27,118,475
Adjusted EBITDA	4,214,093	5,429	10,147,054	(3,445,604)	10,920,972
Depreciation and amortisation	3,903,014	-	64,746	-	3,967,760
Total segment assets	20,323,926	5,166,354	70,319,813	(45,838,589)	49,971,504
Total segment liabilities	11,655,529	5,061,222	41,214,209	(44,080,033)	13,850,927

	TORMIN PROJECT	XOLOBENI PROJECT	CORPORATE	CONSOLIDATION ELIMINATIONS	TOTAL
2015	\$	\$	\$	\$	\$
Total segment revenue	45,773,169	1	46,219,946	-	91,993,116
Inter-segment revenue	(45,534,579)	-	-	-	(45,534,579)
Revenue from external customers	238,590	1	46,219,946	-	46,458,537
Adjusted EBITDA	14,487,488	(6,147)	(2,981,878)	6,390,035	17,889,498
Depreciation and amortisation	4,178,968	-	53,960	-	4,232,928
Total segment assets	14,424,727	4,242,685	62,878,801	(40,221,767)	41,324,446
Total segment liabilities	6,932,933	4,154,609	37,552,832	(38,992,408)	9,647,966

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Reconciliation of EBIT (segment result) to profit before tax

Adjusted EBITDA reconciles to operating profit before income tax as follows:

	31 DEC 2016 \$	31 DEC 2015 \$
Adjusted EBITDA	10,920,972	17,889,498
Interest expense	(396,041)	(725,421)
Depreciation and amortisation	(3,967,760)	(4,232,928)
Operating profit before income tax	6,557,171	12,931,149

2.2 REVENUE

Accounting Policies

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence indicating that there has been a transfer of risks and rewards to the customer, generally for the Group, this is based on free-on-board sales where transfer of risks and rewards passes at port of origin. Sales revenue comprises gross revenue earned from the provision of product to customers. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metals price, assay, weight and moisture content between the time of delivery and the time of final settlement of sales proceeds.

Revenue from the stockpiling of goods is recognised when there is evidence that there has been a transfer of risks and rewards to the customer. This is based on a contractual obligation of the customer to take final delivery and make full and final payment for all amounts delivered to the stockpile, which is clearly identified and available to the buyer.

	31 DEC 2016 \$	31 DEC 2015 \$
From continuing operations		
Sales revenue	26,872,575	46,180,153
Other revenue	245,900	259,625
Other	245,900	259,625

2.3 EXPENSES

	31 DEC 2016 \$	31 DEC 2015 \$
This note provides an analysis of expenses by nature.		
(i) Mining and processing costs		
Mining and processing costs include the following material expenditure items:		
Transport of product	2,462,420	4,743,839
Fuel	3,734,952	3,499,106
Wages and salaries	4,974,410	5,558,319
Repairs and maintenance	2,244,966	3,637,970
Depreciation and amortisation – mining and processing assets	3,913,249	4,178,968

(ii) Administration expenses

Administration expenses include the following material expenditure items:		
Directors and key management personnel remuneration	1,132,807	1,704,254
Operating lease rentals	1,012,643	68,073
Depreciation – corporate assets	64,706	53,960

2.4 TAXATION

(i) Income tax expense/ (benefit)

Accounting Policies

The income tax expense / (benefit) for the period is the tax payable on the current period'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 associates 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The Company and all of its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Mineral Commodities Ltd is the head entity in the tax-consolidated group. The head entity and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The Company and the other entities in the tax-consolidated group have entered into a tax funding agreement and a tax sharing agreement.

The following provides an analysis of the group's income tax expense / (benefit), shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31 DEC 2016 \$	31 DEC 2015 \$
The components of income tax expense / (benefit) comprise:		
Current tax	301,814	-
Deferred tax	2,793,034	2,385,999
Adjustments for current tax of prior periods	(315,511)	(31,635)
	2,779,337	2,354,364

Income tax expense / (benefit) is attributable to:		
Profit from continuing operations	2,779,337	2,354,364
Aggregate income tax benefit	2,779,337	2,354,364

Deferred income tax benefit included in income tax expense / (benefit) comprises:		
(Decrease) / increase in deferred tax assets	(2,632,723)	1,492,770
Decrease / (increase) in deferred tax liabilities	216,915	(128,263)
	(2,415,808)	1,364,507

Numerical reconciliation of income tax expense / (benefit) to prima facia tax expense / (benefit)

	31 DEC 2016 \$	31 DEC 2015 \$
Profit from continuing operations before income tax expense / (benefit)	6,557,171	12,931,149
Prima facia tax payable on profit from ordinary activities before at a rate of 30% (2015: 30%)	1,967,151	3,879,345
Foreign tax rate differential	(175,337)	(53,892)
Tax at consolidated amount	1,791,814	3,825,453

Tax effect of:

Entertainment	3,559	1,886
Legal fees	40,877	182,628
Donations	3,595	943
Amortisation of exploration and evaluation asset	74,475	97,448
Consulting	-	726
Assets written off	-	27,572
Share based payment	40,337	39,676
Other non-assessable income	1,086,755	(1,790,333)
Utilisation of income tax losses	53,436	-
Adjustment for current tax of prior period	(315,511)	(31,635)
Income tax expense / (benefit)	2,779,337	2,354,364

	31 DEC 2016 \$	31 DEC 2015 \$
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax – credited directly to equity	-	-
Net deferred tax – debited (credited) to equity	-	-

(ii) Deferred tax assets and liabilities

Accounting Policies

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 foreign operations where the Company 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.

(a) Deferred tax assets

	31 DEC 2016 \$	31 DEC 2015 \$
Recognised deferred tax assets		
Tax losses	756,058	1,842,733
Trade and other receivables	97,607	-
Provisions/accrued expenditure	151,479	142,773
Business related expenditure and borrowing costs	31,797	75,412
Unrealised foreign exchange loss	-	1,646,220
	1,036,941	3,707,138
Set-off against deferred tax liabilities	(152,296)	(189,769)
	884,646	3,517,369

MOVEMENTS	TAX LOSSES \$	TRADE AND OTHER RECEIVABLES \$	PROVISIONS/ ACCRUED EXPENDITURE \$	BUSINESS RELATED EXPENDITURE AND BORROWING COSTS \$	UNREALISED FOREIGN EXCHANGE LOSSES \$	PROPERTY, PLANT AND EQUIPMENT \$	TOTAL \$
At 1 January 2016 (charged) / credited	1,842,733	-	142,773	75,412	1,646,220	-	3,707,138
- to profit or loss	(1,086,675)	97,607	8,706	(43,615)	(1,646,220)	-	(2,670,197)
- to other comprehensive income	-	-	-	-	-	-	-
At 31 December 2016	756,058	97,607	151,479	31,797	-	-	1,036,941

MOVEMENTS	TAX LOSSES \$	TRADE AND OTHER RECEIVABLES \$	PROVISIONS/ ACCRUED EXPENDITURE \$	BUSINESS RELATED EXPENDITURE AND BORROWING COSTS \$	UNREALISED FOREIGN EXCHANGE LOSSES \$	PLANT AND EQUIPMENT \$	TOTAL \$
At 1 January 2015 (charged) / credited	3,158,290	-	58,082	235,828	440,212	495,631	4,388,043
- to profit or loss	(1,315,557)	-	84,691	(160,416)	1,206,008	(495,631)	(680,905)
- to other comprehensive income	-	-	-	-	-	-	-
At 31 December 2015	1,842,733	-	142,773	75,412	1,646,220	-	3,707,138

Significant Judgement

Deferred taxes recognised

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. As a result of this review, at balance date, it was determined that losses of \$1,183,970 (2015: \$Nil) at 30% have been brought to account as it is now probable that they will be recovered.

In 2015, estimated revenue tax losses not brought to account is A\$ Nil and ZAR54,376,151 as their ultimate recoverability has not yet been assessed as probable. These losses are also subject to final verification in the relevant jurisdictions.

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(b) Deferred tax liabilities

	31 DEC 2016 \$	31 DEC 2015 \$
Unrealised foreign exchange gain	190,408	1,761,557
Property, plant and equipment	2,362,399	443,295
Prepayments	21,255	2,462
Interest receivable	-	187,306
	2,574,062	2,394,620
Set-off against deferred tax assets	(152,296)	(189,769)
	2,421,766	2,204,851

MOVEMENTS	UNREALISED FOREIGN EXCHANGE GAIN \$	PROPERTY, PLANT AND EQUIPMENT \$	PREPAYMENTS \$	INTEREST RECEIVABLE \$	TOTAL \$
At 1 January 2016 (charged) / credited	1,761,557	443,295	2,462	187,306	2,394,620
- to profit or loss	(1,571,149)	1,919,104	18,793	(187,306)	179,442
- to other comprehensive income	-	-	-	-	-
At 31 December 2016	190,408	2,362,399	21,255	-	2,574,062

MOVEMENTS	UNREALISED FOREIGN EXCHANGE GAIN \$	PROPERTY, PLANT AND EQUIPMENT \$	PREPAYMENTS \$	INTEREST RECEIVABLE \$	TOTAL \$
At 1 January 2015 (charged) / credited	-	-	4,572	346,515	351,087
- to profit or loss	1,761,557	443,295	(2,110)	(159,209)	2,043,533
- to other comprehensive income	-	-	-	-	-
At 31 December 2015	1,761,557	443,295	2,462	187,306	2,394,620



2.5 EARNINGS PER SHARE

(i) Basic earnings per share

Accounting Policies

Basic earnings per share is determined by dividing the profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2016 US CENTS	2015 US CENTS
From continuing operations attributable to the ordinary equity holders of the Company	0.93	2.61
Total basic earnings per share attributable to the ordinary equity holders of the Company	0.93	2.61

(ii) Diluted earnings per share

Accounting Policies

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share would arise from the exercise of options outstanding at the end of the financial year.

From continuing operations attributable to the ordinary equity holders of the Company	0.93	2.57
Total diluted earnings per share attributable to the ordinary equity holders of the Company	0.93	2.57

	2016 \$	2015 \$
(a) Reconciliation of earnings used in the calculation of earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	3,777,834	10,576,785
Diluted earnings/(loss) per share		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:		
From continuing operations	3,777,834	10,576,785

	2016 Number	2015 Number
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	404,941,581	404,941,581
Adjustment for calculation of diluted earnings per share:		
Options	-	6,000,000
Performance rights	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	404,941,581	410,941,581

The table below details the number of options and performance rights that have been granted and are on issue as at 31 December 2016. As the options are out of the money and the performance rights' vesting conditions have not been met as at 31 December 2016, these potential ordinary shares have not been included in the determination of dilutive earnings per share.

NUMBER	TYPE OF SECURITY	EXERCISE PRICE	EXPIRY DATE
5,000,000	Options	AUD \$0.20	30 May 2018
1,000,000	Options	AUD \$0.20	31 March 2018
4,000,000	Performance Rights	AUD \$0.20	30 May 2019

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2.6 DIVIDENDS

Accounting policies

Dividends are recognised as a liability at the time the Directors resolve to pay or declare the dividend.

	DIVIDEND PER SHARE \$	2016 \$
Dividends recognised during the year		
2016		
Final 2015 ordinary	0.72	2,914,405
2015		
Final 2014 ordinary	-	-

3 CAPITAL EXPENDITURE, OPERATING ASSETS AND REHABILITATION OBLIGATIONS

This section includes information about the assets used by the Group to generate profits and revenue, specifically information relating to its exploration and evaluation assets, mine development expenditures, property, plant and equipment, associated rehabilitation obligations, and commitments for capital expenditure not yet recognised as a liability.

3.1 EXPLORATION AND EVALUATION ASSETS

Accounting Policies

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not, at the reporting date, 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 interests is continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned.

When a decision is made to develop an area of interest, all carried forward exploration expenditure in relation to the area of interest is transferred to development expenditure.

No amortisation is charged during the exploration and evaluation phase.

Please refer to note 3.4 for impairment of exploration and evaluation assets.

Significant judgement

Recoupment of the capitalised exploration and evaluation expenditure is dependent on either the successful development and commercial exploitation of the Xolobeni Mineral Sands area of interest in South Africa or the settlement of the proposed transaction, as announced to the Australian Securities Exchange ("ASX") in July 2016, to divest of the Company's interest in Transworld Energy and Resources (SA) Pty Ltd ("TEM"), which owns the Xolobeni Mineral Sands Project.

The proposed transaction has not resulted in Xolobeni being classified as held for sale in accordance with AASB 5 as at 31 December 2016, as it is not highly probable that the transaction will complete due to required regulatory approvals, stage of negotiation of the consideration and involvement of a third party who holds shares in TEM.

		31 DEC 2016 \$	31 DEC 2015 \$
As at 1 January		5,323,062	6,019,727
Expenditure during the year		229,333	876,641
Re-classification: transfer from/ (to) property, plant and equipment	3.3	303,752	-
Exchange differences		604,121	(1,573,306)
As at 31 December		6,460,268	5,323,062

3.2 DEVELOPMENT EXPENDITURE

Accounting Policies

Development expenditure

Development expenditure represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the development expenditure only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves/resources amortisation rates are correspondingly adjusted. Please refer to the table in note 3.3 for basis of amortisation rates used.

Please refer to note 3.4 for impairment of development expenditure.

Significant judgement

Reserves and Resources

In order to calculate ore reserves and mineral resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised in 2012 (the JORC code).

As economic assumptions used to estimate reserves change and as additional geological data is generated during the course of operations, estimates of reserves and mineral resources may vary from period to period. Changes in reported reserves and mineral resources may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- Restoration and rehabilitation provision may be affected due to changes in the magnitude of future restoration and rehabilitation expenditure.

		31 DEC 2016 \$	31 DEC 2015 \$
As at 1 January		7,589,359	9,621,206
Expenditure during the year		364,263	918,578
Re-classification: transfer from/ (to) property, plant and equipment	3.3	-	718,806
Amortisation expense		(1,213,899)	(1,125,089)
Exchange differences		916,479	(2,544,142)
		<u>7,656,202</u>	<u>7,589,359</u>

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3.3 PROPERTY, PLANT AND EQUIPMENT

Accounting Policies

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Items of plant and equipment are initially recorded at cost and include any expenditure that is directly attributable to acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate. All other repairs and maintenance are charged to the profit for the year in which they are incurred.

De-commissioning assets relates to capitalised restoration costs expected to be incurred.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Depreciation of property, plant and equipment

Depreciation and amortisation is provided to expense the cost of property, plant and equipment, and de-commissioning assets and development, over its estimated useful life on a straight line or units of usage (activity) basis.

The basis of depreciation and amortisation of each asset is reviewed annually and changes to the basis of depreciation and amortisation are made if the straight line or units of production basis is no longer considered to represent the expected pattern of consumption of economic benefits.

The reserves and life of each mine and the remaining useful life of each class of asset are reassessed at regular intervals and the depreciation and amortisation rates adjusted accordingly

on a prospective basis. The estimated useful lives for the main categories of assets are as follows:

Disposal of assets

The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in profit for the year of disposal.

Significant judgement

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life mine development assets which requires significant estimation and judgement. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset is reassessed at least annually based upon latest resource information and replenishment rates. In circumstances where conversion of resources into reserves is expected, applicable resources are included in life of mine assessments and reassessments. In circumstances where there is reasonable evidence of natural replenishment of resources, the applicable natural replenishment resource estimates is included in the life of mine assessments and reassessments.

Where the life of the assets are shorter than the mine life, their costs are amortised based on the useful life of the assets. Where there is a change in the estimated life of mine, amortisation rates are correspondingly adjusted which may change the depreciation and amortisation charges in the statement of profit or loss and other comprehensive income.

FIXED ASSET CATEGORY	ESTIMATED USEFUL LIFE
Mine properties and development	The shorter of applicable mine life or generally 10 years
Land	Not depreciated
Mine buildings	The shorter of applicable mine life or generally 10 years
Heavy earth moving vehicles	
Excavators and loaders working in significant salt exposed conditions	Generally 12,000 hours operation
All other heavy earth moving vehicles	Generally 18,000 hours operation
Light and other mobile vehicles	Generally 5 years
Mine specific machinery, plant and equipment	The shorter of applicable mine life or generally 10 years
Other machinery, plant and equipment	Generally 10 years
Computer hardware	Generally 4 years
Software acquisitions and development	Generally 3 years
Office leasehold fit-outs	Generally lease term, including extensions
Other office furniture and fittings	Generally 10 years

Note: For assets under a finance lease, if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term or its useful life.

Note: "Generally" implies that if a specific asset or class of assets useful life is reasonably able to be determined as less than that stipulated above, then the applicable lower estimated useful life is to be used.

	FREEHOLD LAND AND BUILDINGS \$	FURNITURE, FITTINGS AND EQUIPMENT \$	PLANT AND MACHINERY \$	MINE VEHICLES \$	DECOM- MISSIONING ASSET \$	CAPEX WORK IN PROGRESS \$	TOTAL \$
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Year ended 31 December 2016

Cost at fair value

As at 1 January 2016	16,513	428,137	13,499,398	66,466	52,784	1,564,585	15,627,883
Additions	-	-	-	-	86,845	6,170,301	6,257,146
Re-classifications	482,784	127,659	6,253,505	47,471	-	(7,214,991)	(303,572)
Exchange differences	33,410	16,522	2,133,509	11,586	12,387	111,347	2,318,761
As at 31 December 2016	532,707	572,318	21,886,412	125,523	152,016	631,242	23,900,218

Accumulated depreciation and amortisation

As at 1 January 2016	(555)	(239,530)	(4,053,546)	(21,287)	(10,557)	-	(4,325,475)
Depreciation and amortisation	(8,028)	(108,673)	(2,598,707)	(17,003)	(31,645)	-	(2,764,056)
Exchange differences	(591)	(11,946)	(687,375)	(3,827)	(3,403)	-	(707,142)
As at 31 December 2016	(9,174)	(360,149)	(7,339,628)	(42,117)	(45,605)	-	(7,796,673)

Net book amount

Cost at fair value	532,707	572,318	21,886,412	125,523	152,016	631,242	23,900,218
Accumulated depreciation and amortisation	(9,174)	(360,149)	(7,339,628)	(42,117)	(45,605)	-	(7,796,673)
Net book amount	523,533	212,169	14,546,784	83,406	106,411	631,242	16,103,545

	FREEHOLD LAND AND BUILDINGS \$	FURNITURE, FITTINGS AND EQUIPMENT \$	PLANT AND MACHINERY \$	MINE VEHICLES \$	DECOM- MISSIONING ASSET \$	CAPEX WORK IN PROGRESS \$	TOTAL \$
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Year ended 31 December 2015

Cost at fair value

As at 1 January 2015	22,567	381,829	15,892,012	10,412	72,133	-	16,378,953
Additions	-	111,536	2,271,263	41,698	-	1,887,976	4,312,473
Re-classifications	-	-	(109,412)	-	-	-	(109,412)
Exchange differences	(6,054)	(65,228)	(4,554,465)	14,356	(19,349)	(323,391)	(4,954,131)
As at 31 December 2015	16,513	428,137	13,499,398	66,466	52,784	1,564,585	15,627,883

Accumulated depreciation and amortisation

As at 1 January 2015	(795)	(183,468)	(1,536,079)	(8,807)	(7,564)	-	(1,736,713)
Depreciation and amortisation	-	(127,153)	(2,943,844)	(11,420)	(6,424)	-	(3,088,841)
Disposal	-	-	10,941	-	-	-	10,941
Re-classifications	-	(1,858)	(716,948)	-	-	-	(718,806)
Exchange differences	240	72,949	1,132,384	(1,060)	3,431	-	1,207,944
As at 31 December 2015	(555)	(239,530)	(4,053,546)	(21,287)	(10,557)	-	(4,325,475)

Net book amount

Cost at fair value	16,513	428,137	13,499,398	66,466	52,784	1,564,585	15,627,883
Accumulated depreciation and amortisation	(555)	(239,530)	(4,053,546)	(21,287)	(10,557)	-	(4,325,475)
Net book amount	15,958	188,607	9,445,852	45,179	42,227	1,564,585	11,302,408

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3.4 IMPAIRMENT OF NON-CURRENT ASSETS

Accounting Policies

The carrying amounts of the Group's exploration and evaluation assets, development expenditure and property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

Indicators of impairment – exploration and evaluation assets

The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date, to determine whether any of the following indicators of impairment exists:

- (i) Tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- (ii) Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is not budgeted or planned; or
- (iii) Exploration for, and evaluation of, resources in the specific area have not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
- (iv) Sufficient data exists to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Impairment testing – other assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal 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 the end of each reporting period.

3.5 REHABILITATION PROVISIONS

Accounting Policies

Provisions for environmental rehabilitation are recognised when the Group has a present legal or constructive obligation as a result of exploration, development, production activities undertaken and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The estimated future obligations include the costs of removing facilities and restoring the affected areas and is the best estimate of the present value of the future expenditure required to settle the environmental rehabilitation at reporting date, based on current legal requirements. Any changes in the estimate are reflected in the present value of the environmental rehabilitation provision at the reporting date, with a corresponding change in the cost of the associated asset.

Significant judgement

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

	31 DEC 2016 \$	31 DEC 2015 \$
Non-current	152,016	63,000
Environmental rehabilitation provision	152,016	63,000

3.6 COMMITMENTS FOR EXPENDITURE

The Group has the following commitments for expenditure for which no liabilities have been recorded in the financial statements as the goods or services have not been received, including non-cancellable operating lease rentals:

a) Capital commitments

	31 DEC 2016 \$	31 DEC 2015 \$
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	21,904	1,117,471

b) Operating lease commitments

Accounting Policies

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

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Non-cancellable operating leases contracted for but not capitalised in the accounts:

	31 DEC 2016 \$	31 DEC 2015 \$
Within one year	947,782	741,445
Later than one year but no later than five years	1,815,084	2,166,578
Greater than 5 years	-	-
	2,762,866	2,908,023

Operating lease commitments includes contracted amounts for offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

4. WORKING CAPITAL MANAGEMENT

This section provides information about the Group's working capital balances and management, including cash flow information.

4.1 CASH AND CASH EQUIVALENTS

Accounting Policies

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 an insignificant risk of changes in value, and bank overdrafts.

The carrying amounts of cash and cash equivalents represent fair value. Bank balances and deposits held at call earn interest at floating rates based upon market rates.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

	31 DEC 2016 \$	31 DEC 2015 \$
Cash assets		
Cash at bank and in hand	2,873,135	4,227,444

(i) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in note 5.4(a)(ii).

(ii) Reconciliation of profit after income tax to cash flow from operating activities

Profit for the year	3,678,874	10,576,785
Depreciation and amortisation	3,967,760	4,232,928
Interest income	-	(8,113)
Assets written off	(216,267)	98,471
Impairment loss	(150,898)	172,398
Finance costs	370,513	668,002
Share based payments	134,458	132,252
Net exchange differences	855,867	(6,466,633)

Change in operating assets and liabilities:

Decrease / (increase) in trade debtors	1,376,509	2,866,394
Decrease / (increase) in inventories	(5,075,478)	2,773,023
(Decrease) / increase in trade payables and unearned revenue	(355,982)	(6,082,914)
Increase in provisions	(146,237)	175,546
	4,439,119	9,138,139

(iii) Non-cash investing and financing activities

During the period the Group entered into Instalment Sale Agreements to acquire mobile mining equipment. Under the terms of these agreements the Group will become the owner of the mobile mining equipment on final payment under the agreement. Refer to note 5.1 for further details.

4.2 TRADE AND OTHER RECEIVABLES

Accounting Policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method. They are included within current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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	31 DEC 2016 \$	31 DEC 2015 \$
Current		
Trade receivables	1,079,530	1,842,030
Less: Provision for impairment of receivables	(21,500)	(172,398)
	1,058,030	1,669,632
Other receivables (i)	1,031,062	654,389
Prepayments	87,667	24,716
	2,176,759	2,348,737
Non-current		
Trade receivables (ii)	4,896,142	3,937,487
Security deposits (iii)	211,205	182,088
Advance to Blue Bantry (iv)	598,777	530,823
Other receivables	101,199	-
	5,807,323	4,650,398

- (i) Includes \$497,664 (2015: \$223,507) of VAT refundable from the South African Revenue Service.
- (ii) The amount relates to bill and hold sales arising from an offtake agreement with a customer. It has been recorded at amortised cost as payment is expected when shipment occurs from January 2018.
- (iii) Includes a secured deposit of \$211,205 (2015: \$182,088) with First Rand bank held as security for a performance guarantee issued by the Bank in favour of the South African Department of Minerals and Energy in respect of Mineral Sands Resources (Pty) Ltd obligations under the Tormin Mining right.
- (iv) An amount of ZAR 8.25 million (2015: ZAR 8.25 million) has been advanced to the BEE partner, Blue Bantry. Refer to note 8.2 for details.

Impairment of receivables

The Group has recognised a loss of \$ NIL (2015: \$172,398) in profit or loss in respect of impairment of receivables for the year ended 31 December 2016.

Fair values and credit risk

Except for the non-current trade receivables, due to the short term nature of these receivables the carrying values represent their respective fair values as at 31 December 2016 and 2015. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The non-current receivables have a fair value of \$4,896,142 as at 31 December 2016, compared to a carrying amount of \$5,200,000 (2015: fair value of \$3,937,487 and carrying amount of \$4,200,000).

The fair values were calculated based on cash flows discounted using a current lending rate. Refer to note 5.4 for more information on the risk management policy of the Group and the credit quality of the entity's receivables.

Foreign exchange and interest rate risk

Information about the Group's exposure to foreign exchange and interest rate risk in relation to trade and other receivables is provided in note 5.4.

4.3 INVENTORIES

Accounting Policies

Raw materials and stores, ore stockpiles and work in progress and finished stocks are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value less costs to sell is assessed annually based on the amount estimated to be obtained from sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Weighted average cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure and depreciation and amortisation relating to mining activities, the latter being allocated on the basis of normal operating capacity. As a result of mineral sands being co-products from the same mineral separation process, costs are allocated to the various finished products on the basis of the relative sales value of the finished goods produced. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost, which includes the cost of purchase as well as transportation and statutory charges, or net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

	31 DEC 2016 \$	31 DEC 2015 \$
Raw materials at cost	69,464	84,121
Finished product at cost	5,888,188	857,157
Spare parts and consumables at cost	2,039,379	1,360,525
	7,997,031	2,301,803

The costs of individual items of inventory are determined using weighted average cost.

4.4 TRADE AND OTHER PAYABLES

Accounting Policies

Trade and other payables are recognised originally at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of each reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

	31 DEC 2016 \$	31 DEC 2015 \$
Trade payables	2,596,770	2,310,593
Other payables and accruals	848,316	842,704
	3,445,086	3,153,297

(i) *Fair values and credit risk*

Due to the short term nature of these payables the carrying values represent their respective fair values as at 31 December 2016 and 2015.

(ii) *Foreign exchange and interest rate risk*

Information about the Group's exposure to foreign exchange and interest rate risk in relation to trade and other payables is provided in note 5.4.

5.FUNDING AND RISK MANAGEMENT

This section provides information relating to the management of capital, credit, liquidity and market risks and the policies for measuring and managing these risks.

5.1 INTEREST BEARING LOANS AND BORROWINGS

Accounting Policies

All loans and borrowings are initially recognised at cost, being fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting periods.

Details of the contractual maturities can be found in Note 5.4.

	31 DEC 2016 \$	31 DEC 2015 \$
Current		
Short term borrowings – unsecured (1)	1,135,523	1,263,416
Amounts due under equipment acquisition agreements (2),(3)	1,317,069	1,706,794
	2,452,592	2,970,210
Non-current		
Long term borrowings – secured (4)	4,500,000	-
Amounts due under equipment acquisition agreements (2),(3)	437,073	988,584
	4,937,073	988,584

- (1) The short term borrowings at 31 December 2016 was in relation to shareholder loans (note 7.3). The amount has been fully repaid immediately after year end.
- (2) The Group entered into Master Rental Agreements to acquire mobile mining equipment and generators. Under the terms of these agreements, there was an option to purchase which the Group exercised for the mobile mining equipment.
- (3) The Group entered into Instalment Sale Agreements to acquire mobile mining equipment. Under the terms of these agreements, the Group will become the owner of the mobile mining equipment on final payment under the agreements.
- (4) The Group entered into a \$4.5 million financing arrangement with GMA for its Garnet Stripping Plant ("GSP") expansion. Under the terms of the agreement, the borrowing is charged at Libor + 2% and repaid over three years from the repayment commencement date. The borrowings is secured by a special notarial bond over the GSP.

a) *Bank Overdraft*

The Group has available and unutilised, as at 31 December 2016, a United States denominated Foreign Currency Overdraft Facility of \$1.1 million. The facility was reduced to \$0.5 million subsequent to year end.

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b) Finance lease commitments

Accounting Policies

Leases of property, plant and equipment where the Group, 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 the 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 asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Commitments in relation to minimum lease repayments under equipment acquisition agreements:

	31 DEC 2016 \$	31 DEC 2015 \$
Within one year	1,346,555	1,989,527
Later than one year but no later than five years	442,496	1,268,110
Greater than 5 years	-	-
Minimum lease payments	1,789,051	3,257,637
Less: Future Finance Charges	(139,473)	(225,658)
	1,649,578	3,031,979

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of \$1,949,556 (2015: \$3,134,220) secured under finance leases expiring within one to five years. Under the terms of the leases, the Group will become the owner of the leased assets on the final payment under instalment sale agreements.

5.2 NET FINANCE COSTS

Accounting Policies

Interest income is recognised as it accrues on a time proportion basis using the effective interest method. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Other borrowing costs are expensed.

	31 DEC 2016 \$	31 DEC 2015 \$
Finance income		
Interest Income	42,704	18,759
Total finance income	42,704	18,759
Finance costs		
Interest paid to third parties	189,529	396,315
Unwind of the effect of discounting on long term receivables	(116,334)	-
Total finance costs	73,195	396,315
Net finance costs	(30,491)	(377,556)

5.3 EQUITY

(a) Contributed equity

Accounting Policies

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Share capital

	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES	2016 \$	2015 \$
Ordinary shares fully paid	404,941,581	404,941,581	63,437,092	63,437,092

(ii) Movements in ordinary share capital

DETAILS	NUMBER OF SHARES	\$
At 1 January 2016	404,941,581	63,437,092
Conversion of listed options	-	-
Placement of ordinary shares	-	-
Proceeds from rights issue	-	-
Share issue costs	-	-
At 31 December 2016	404,941,581	63,437,092
Transaction costs arising on share issue	-	-
At 31 December 2016	404,941,581	63,437,092

(iii) 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.

(iv) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets in order to maintain sufficient funds necessary to continue its operations.

(b) Reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

Nature and purpose of reserves

General reserve

The General reserve arose from the issue of shares in MRC Resources Proprietary Limited to an entity outside the economic entity.

Financial asset revaluation reserve

The financial asset revaluation reserve arises from the revaluation at reporting date of available-for-sale financial assets.

Foreign currency translation reserve

The foreign currency translation reserve records the unrealised foreign currency differences arising from the translation of operations into the presentation currency of the Group.

Share based payment reserve

Records the amounts received in a prior year together with the amounts amortised for employee options in the current year from the issue of listed options.

	GENERAL RESERVE \$	FINANCIAL ASSET REVALUATION RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	SHARE BASED PAYMENT RESERVE \$	TOTAL \$
At 1 January 2015	1,363,393	(232,908)	(11,850,427)	317,048	(10,402,894)
Issue of unlisted options	-	-	-	128,296	128,296
Exchange differences on translation of foreign operations	-	-	(10,240,709)	-	(10,240,709)
Change in fair value of available-for-sale financial assets	-	6,387	-	-	6,387
At 1 January 2016	1,363,393	(226,521)	(22,091,136)	445,344	(20,508,920)
Issue of share based payments	-	-	-	134,458	134,458
Transfer to retained earnings on expiry of unlisted options	-	-	-	(261,507)	(261,507)
Exchange differences on translation of foreign operations	-	-	3,496,590	-	3,496,590
Change in fair value of available-for-sale financial assets	-	(50,380)	-	-	(50,380)
At 31 December 2016	1,363,393	(276,901)	(18,594,546)	318,295	(17,189,759)

(c) Accumulated losses

	31 DEC 2016 \$	31 DEC 2015 \$
At 1 January	(11,365,331)	(21,942,116)
Profit for the year	3,777,834	10,576,785
Dividend Distribution	(2,914,405)	-
Transfer from reserves on expiry of unlisted options	261,507	-
At 31 December	(10,240,395)	(11,365,331)

(d) Non-controlling interest

	31 DEC 2016 \$	31 DEC 2015 \$
At 1 January	113,639	113,639
Movement for the year	-	-
At 31 December	113,639	113,639

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5.4 FINANCIAL RISK MANAGEMENT

Accounting Policies

The Group classifies its financial instruments on initial recognition. The classification depends on the purpose for which the financial instrument was acquired.

(i) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date; the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(ii) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and other pricing models.

(iii) Financial Liabilities

Financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debt less principal payments and amortisation of transaction costs.

(iv) Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss. Impairment losses recognised on equity instruments classified as available for sale are not reversed through the income statement.

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks, as detailed in the below table:

RISK	EXPOSURE ARISING FROM	MEASUREMENT	MANAGEMENT
Market risk – foreign exchange risk	Future commercial transactions Recognised financial assets and liabilities not denominated in USD	Cash flow forecasting Sensitivity analysis	Monitoring the prevailing exchange rates and entering into forward foreign exchange contracts, if deemed necessary by the Board of Directors
Market risk – interest rate risk	The Company's borrowings are at fixed interest rates, therefore, it is not exposed to changes in variable interest rates	N/A	N/A
Market risk – price risk	Investments in equity securities	Sensitivity analysis	NA
Market risk – commodity price risk	Sale of products	Cash flow forecasting Sensitivity analysis	Monitoring the prevailing commodity prices and entering into longer term fixed price sales contracts, if deemed necessary by the Board of Directors
Credit risk	Cash and cash equivalents and trade and other receivables	Aging analysis Credit ratings	Credit limits, retention of title over product sold and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group'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 Group. Risk management is carried out by the Board of Directors with assistance from the Audit, Risk and Compliance Committee.

The Group does not hold any derivative financial instruments.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

As detailed in note 1.5, items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars, which is the Company's presentation currency.

Subsequent to year-end, the Group has fully repaid its foreign currency borrowings and thus, the exposure to foreign currency risk at the end of the reporting period arising from the foreign currency borrowings is not considered material.

The Group does not hold any derivatives or foreign exchange contracts to hedge its foreign exchange risk exposure.

Based on the financial instruments held at the reporting date, the sensitivity of the Group's profits after tax for the year and equity at the reporting date to movements in the United States Dollar to South African Rand (ZAR) was:

Sensitivity

	IMPACT ON POST TAX PROFITS		IMPACT ON OTHER COMPONENTS OF EQUITY	
	2016 \$	2015 \$	2016 \$	2015 \$
USD/ZAR exchange rate – increase 10%	287,281	769,511	-	-
USD/ZAR exchange rate – decrease 10%	(287,281)	(769,511)	-	-

(ii) Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's floating interest rate cash balance which is subject to movements in interest rates. The Board monitors its cash balance on an ongoing basis and liaises with its financiers regularly to mitigate cash flow interest rate risk. Interest is charged on the loans from the parent company to the South African subsidiaries at rates permitted by the South African Reserve Bank. This interest is eliminated on consolidation.

(iii) Price risk

The Group has an exposure to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale financial assets. However, the Company's investment in equity securities (available-for-sale financial assets) is \$12,595 (2015: \$63,866), which is monitored by the Board of Directors. Any investment in equity securities, which formed part of any portfolio diversification strategy, would require approval by the Board of Directors.

The Group is also exposed to commodity price risk as a result of fluctuations in the market price of commodities, however, the commodities that the Company produces and sells are not quoted on any recognised exchange.

(iv) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures including outstanding receivables and investments in unlisted entities.

All cash balances held at banks are held at internationally recognised institutions. The Group has a strict code of credit and requires the majority of its customers to have letters of credit in place. The maximum exposure to credit risk at the reporting date to trade receivables is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Group does not hold any collateral.

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(v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At the end of the reporting period, the Group held cash and cash equivalents totalling \$2,873,135 (2015: \$4,227,444). Management monitors rolling forecasts of the Group's liquidity reserve (comprising of cash and cash equivalents, note 4.1) on the basis of expected cash flows. This is carried out at the corporate level for all active companies of the Group in accordance with practice and limits set by the Group.

Financing arrangements

On 30 May 2014, the Company obtained an unsecured short term working capital facility of up to \$4m from two major shareholders. Pursuant to the Loan Agreements entered into between the Company and the two major shareholders, the lenders provided a finance facility capped at \$2.0m each on the following arm's-length and commercial terms:

- Loan is unsecured;
- Interest of 13% per annum;
- Line fee of 1% and establishment fee of 1%;

- Repayment to take in three equal tranches on 31 January 2015, 28 February 2015 and 31 March 2015; and
- Default interest of 10% if not repaid on the repayment date.

The above repayment dates were subsequently extended and the loans have been fully repaid immediately subsequent to year end.

On 2 February 2016, the Company announced debt funding arrangements for its expansion initiatives relating to a GSP at its Tormin mine. Under the terms of the agreement, the borrowing is charged at Libor + 2% and repaid over three years from the repayment commencement date. The borrowings is secured by a special notarial bond over the GSP.

Maturity of financial assets

The Group manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows. At the reporting date there is no significant liquidity risk. The table below analyses the Group's maturity of financial assets:

	< 6 MONTHS	6 – 12 MONTHS	1 – 5 YEARS	5+ YEARS	TOTAL CONTRACTUAL CASHFLOWS	CARRYING AMOUNT
	\$	\$	\$	\$	\$	\$
31 December 2016						
Trade and other receivables	1,079,530	-	5,200,000	-	6,440,647	5,975,672
Total financial assets	1,079,530	-	5,200,000	-	6,440,647	5,975,672

	< 6 MONTHS	6 – 12 MONTHS	1 – 5 YEARS	5+ YEARS	TOTAL CONTRACTUAL CASHFLOWS	CARRYING AMOUNT
	\$	\$	\$	\$	\$	\$
31 December 2015						
Trade and other receivables	2,240,647	-	4,200,000	-	6,440,647	6,178,134
Total financial assets	2,240,647	-	4,200,000	-	6,440,647	6,178,134

Maturity of financial liabilities

The Group manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows. At the reporting date there is no significant liquidity risk. The table below analyses the Group's maturity of financial liabilities:

	< 6 MONTHS	6 – 12 MONTHS	1 – 5 YEARS	5+ YEARS	TOTAL CONTRACTUAL CASHFLOWS	CARRYING AMOUNT
	\$	\$	\$	\$	\$	\$
31 December 2016						
Trade and other payables						
Borrowings:	3,445,087	-	-	-	3,445,087	3,445,087
• Short term borrowings	1,135,522	-	-	-	1,135,522	1,135,522
• Equipment acquisition agreements	673,277	673,277	442,496	-	1,789,050	1,754,143
• Long term borrowings	-	-	4,500,000	-	4,500,000	4,500,000
Total financial liabilities	5,253,886	673,277	4,942,496	-	10,869,659	10,834,752

	< 6 MONTHS	6 – 12 MONTHS	1 – 5 YEARS	5+ YEARS	TOTAL CONTRACTUAL CASHFLOWS	CARRYING AMOUNT
	\$	\$	\$	\$	\$	\$
31 December 2015						
Trade and other payables						
Borrowings:	3,153,297	-	-	-	3,153,297	3,153,297
• Short term borrowings	-	1,263,416	-	-	1,263,416	1,263,416
• Equipment acquisition agreements	994,764	994,764	1,268,110	-	3,257,638	2,695,378
Total financial liabilities	4,148,061	2,258,180	1,268,110	-	7,674,351	7,112,091

(vi) *Fair value hierarchy*

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Group's only assets and liabilities held at fair value are its available-for-sale financial assets with a current carrying value of \$12,595 (2015: \$63,866). These are measured using quoted active market prices and are therefore Level 1 instruments.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2016 and did not transfer any fair value amounts between the fair value hierarchy during the year ended 31 December 2016.

Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group did not have any level 2 instruments at year end.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group does not have any level 3 assets or liabilities.

6. GROUP STRUCTURE

6.1 CONSOLIDATED ENTITIES

Accounting Policies

Subsidiaries

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

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

Associates

Associates are entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The Company, via its wholly owned subsidiary MRC Resources Proprietary Limited ("MRCR"), has a 50% interest in the issued capital in Mineral Sands Resources Proprietary Limited ("MSR"). Whilst the Group controls 50% of the share voting power, it has been determined that the Group effectively has 100% control due to its control over the relevant activities for accounting purposes, controls the management of MSR, and also controls the Board of MSR due to provisions set out in the Shareholders Agreement entered into between the shareholders of MSR.

Therefore these financial statements include 100% of the results of MSR. In addition to the holding of the issued capital, the Group also holds Class A and B preference shares in MSR which effectively provides for the repayment of the capital investment and deemed investment by the Company's Black Empowerment partner. Due to the terms attached to these A and B Preference Shares, they are categorised as an equity instrument. As the A preference shares and B preference shares would be redeemed out of distributable profits and net assets of MSR before all other ordinary shareholders, until such time as the net assets exceed the value of the unredeemed A and B preference shares, no value has been attributed to the non-controlling interest. Until that time, the non-controlling interest has no rights to the assets or results of the Company, and therefore has not been allocated any value in these financial statements.

(i) Material subsidiaries

The Group's principal subsidiaries at 31 December 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

NAME OF ENTITY	PLACE OF BUSINESS / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST HELD BY THE GROUP		OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS	
		2016 %	2015 %	2016 %	2015 %
Rexelle Pty Ltd	Australia	100	100	-	-
MRC Trading (Aust) Pty Ltd	Australia	100	100	-	-
Blackhawk Oil and Gas Ltd	Australia	100	100	-	-
Queensland Minex NL	Australia	100	100	-	-
Q Smelt Pty Ltd	Australia	90	90	10	10
Mincom Waste Pty Ltd	Australia	100	100	-	-
MRC Africa Pty Ltd	Australia	100	100	-	-
Skeleton Coast Resources (Pty) Ltd	Namibia	100	100	-	-
MRC Resources Proprietary Limited	South Africa	100	100	-	-
Mineral Sands Resources Proprietary Limited	South Africa	50	50	50	50
Tormin Mineral Sands Proprietary Limited ⁽¹⁾	South Africa	50	50	50	50
Nyati Titanium Eastern Cape Proprietary Limited	South Africa	100	100	-	-
MRC Metals Proprietary Limited	South Africa	100	100	-	-
Transworld Energy and Minerals Resources (SA) Proprietary Limited	South Africa	56	56	44	44

⁽¹⁾ Tormin Mineral Sands Proprietary Limited is a wholly owned subsidiary of Mineral Sands Resources Proprietary Limited

(ii) Non-controlling interest ("NCI")

	TRANSWORLD ENERGY AND MINERALS RESOURCES (SA) PROPRIETARY LIMITED		MINERAL SANDS RESOURCES PROPRIETARY LIMITED		TORMIN MINERAL SANDS PROPRIETARY LIMITED		Q SMELT PTY LTD	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Summarised balance sheet								
Current assets	-	60,708	33,436,612	20,854,641	-	-	-	-
Current liabilities	(16,737)	-	(23,807,550)	(12,846,360)	-	-	-	-
Current net assets	(16,737)	60,708	9,629,062	8,008,281	-	-	1	1
Non-current assets	5,170,073	4,186,382	25,033,375	19,732,050	5,218,099	5,218,099	-	-
Non-current liabilities	(5,004,491)	(4,118,529)	(24,797,349)	(18,091,240)	-	-	-	-
Non-current net assets	165,582	67,853	236,026	1,640,810	5,218,099	5,218,099	-	-
Net assets	182,320	128,561	9,865,088	9,649,091	5,218,099	5,218,099	1	1
Accumulated NCI	-	-	-	-	-	-	39,933	39,933
Summarised statement of comprehensive income								
Revenue	-	-	27,036,542	45,773,169	-	-	-	-
Profit/ (loss) for the period	5,429	(6,147)	204,294	6,894,449	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	5,429	(6,147)	204,294	6,894,449	-	-	-	-
Profit attributable to NCI	-	-	-	-	-	-	-	-
Summarised cash flows								
Cash flows from operating activities	43,890	(34,808)	(19,141,614)	(21,195,262)	-	-	-	-
Cash flows from investing activities	(43,851)	35,199	13,443,438	(5,189,526)	-	-	-	-
Cash flows from financing activities	-	-	4,220,005	27,699,986	-	-	-	-
Net increase in cash and cash equivalents	39	391	(1,478,171)	1,315,198	-	-	-	-

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6.2 PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, Mineral Commodities Ltd, has been prepared on the same basis as the consolidated financial statements, unless stated otherwise.

Accounting Policies

Interests in subsidiaries

Investments in subsidiaries are carried in the Company's financial report at cost less any impairment losses. Dividends and distributions are brought to account in profit when they are declared by the subsidiaries.

Investments in associates

Investments in associates are accounted for in the parent entity financial statements using the cost method.

The individual financial statements for the parent entity show the following aggregate numbers:

	31 DEC 2016 \$	31 DEC 2015 \$
Balance sheet		
Current assets	1,744,251	546,439
Non-current assets	39,063,074	35,327,540
Total assets	40,807,325	35,873,979
Current liabilities	1,717,286	1,840,821
Non-current liabilities	15,859,771	7,425,240
Total liabilities	17,577,057	9,266,061
Net assets	23,230,268	26,607,918
Shareholders' equity		
Issued capital	63,437,092	63,437,092
Reserves	(28,200,926)	(11,719,886)
Accumulated losses	(12,005,898)	(25,109,288)
Total equity	23,230,268	26,607,918
(Loss)/ Profit for the year	(177,233)	2,170,337

7. PEOPLE

This section provides information in relation to the Group employee benefits, share-based payment schemes and related party transactions.

7.1 EMPLOYEE BENEFITS

Accounting policies

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees to reporting date. These benefits include annual and long service leave. Sick leave is non-vesting and has not been provided for. Employee entitlements expected to be settled within one year have been measured at the amounts expected to be paid when the liabilities are settled and are recognised in other payables. The contributions made to defined contribution superannuation funds by entities within the consolidated entity are charged against profits when due.

	31 DEC 2016 \$	31 DEC 2015 \$
Current		
Annual leave provision	326,347	252,938
Non-current		
Long service leave provision	49,198	15,086
	49,198	15,086

7.2 SHARE BASED PAYMENTS

Accounting policies

Equity-settled share-based compensation benefits are provided to certain senior employees.

Equity-settled transactions are awards of options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value at grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative change to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

a) Employee Options

The issue of employee options was approved by shareholders at a general meeting of the Company held on 21 December 2012. The employee option plan ("the Plan") is designed to provide long-term incentives for senior managers and above (including directors) to deliver long-term shareholder returns. Options granted under the plan carry no dividend or voting rights. When exercisable each option is convertible into one ordinary share at the predetermined exercise price.

On 27 May 2015, at the AGM of the Company, shareholders approved the issue of 5,000,000 employee options to the Executive Chairman, Mr Mark Caruso. The options were issued in three tranches exercisable at 20 cents each and subject to the following vesting conditions:

- (i) 1,666,668 vesting immediately;
- (ii) 1,666,666 vesting in 12 months; and
- (iii) 1,666,666 vesting in 24 months.

On 7 September 2015, pursuant to his employment contract, the Board approved the issue of 1,000,000 employee options to the CFO, Mr Tony Sheard. The options were issued in three tranches exercisable at 20 cents each and subject to the following vesting conditions:

- (i) 333,334 vesting immediately;
- (ii) 333,333 vesting on 31 March 2016; and
- (iii) 333,333 vesting on 31 March 2017.

Set out below are summaries of options granted under the Plan and unexpired at 31 December 2016:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE	OPTIONS AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AT THE END OF THE YEAR
27 May 2015	30 May 2018	20 cents	4.90 cents	5,000,000	-	-	-	-	5,000,000	3,333,334
07 Sept 2015	31 Mar 2018	20 cents	5.40 cents	1,000,000	-	-	-	-	1,000,000	666,667
				6,000,000	-	-	-	-	6,000,000	4,000,001

Set out below are summaries of options granted under the Plan and unexpired at 31 December 2015:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE	OPTIONS AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AT THE END OF THE YEAR
21 Dec 2012	31 Dec 2015	20 cents	3.35 cents	10,000,000	-	-	-	(10,000,000)	-	-
21 Dec 2012	31 Dec 2015	35 cents	2.23 cents	1,000,000	-	-	-	(1,000,000)	-	-
27 May 2015	30 May 2018	20 cents	4.90 cents	-	5,000,000	-	-	-	5,000,000	1,666,668
07 Sept 2015	31 Mar 2018	20 cents	5.40 cents	-	1,000,000	-	-	-	1,000,000	333,334
				11,000,000	6,000,000	-	-	(11,000,000)	6,000,000	2,000,002

Fair value of options granted

The assessed fair value at grant date of options during the year ended 31 December 2016 was independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The total share based payment expense for the year ended 31 December 2016 was \$66,693 (2015: \$128,296).

The model inputs for options granted during the period, as well as prior periods, included:

- (a) Options granted for no consideration with the expectation that the majority of the options would be exercised towards the end of the term of the options and there are no market based vesting conditions.
- (b) Exercise price (AUD) 20 cents 20 cents
- (c) Grant date 27 May 2015 7 Sept 2015
- (d) Risk-free interest rate 2.06% 1.77%
- (e) Exercise date 30 May 2018 31 March 2018
- (f) Share price at grant date (AUD) 11.0 cents 12.5 cents
- (g) Expected price volatility of the shares 90% 60%
- (h) Expected dividend yield Nil Nil

The expected price volatility is based on the historic volatility and the general trend in share prices of the companies in similar businesses and trading on the ASX over the past 12 months.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Performance Rights

The issue of Performance Rights was approved by shareholders at a general meeting of the Company held on 25 May 2016. The Incentive Performance Rights Plan are designed to provide long-term incentives for senior managers and above (including directors) to deliver long-term shareholder returns. Performance Rights granted under the plan carry no dividend or voting rights. The Performance Rights is exercisable on or before 30 May 2019 and will vest upon the closing Share price reaching \$0.20 and remaining at or above \$0.20 for a period of 5 consecutive trading days.

Fair value of Performance Rights granted

The assessed fair value at grant date of the Performance Rights issued during the period ended 31 December 2016 was determined using a trinomial option pricing model that takes into account the exercise price, the term of the Performance Right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Performance Right. The total share based payment expense for the period ended 31 December 2016 was \$67,764 (2015: \$NIL).

The model inputs for Performance Rights granted during the period, as well as prior periods, included:

(a) Performance Rights granted for no consideration with the expectation that the majority of the Performance Rights would be exercised on the Share price reaching \$0.20 and remaining at or above \$0.20 for a period of 5 consecutive trading days.	
(b) Exercise price (AUD)	0 cents
(c) Share price barrier (AUD)	20 cents
(d) 5 day VWAP of underlying security	13.5 cents
(e) Grant date	25 May 2016
(f) Risk-free interest rate	1.62%
(g) Exercise date	30 May 2019
(h) Share price at grant date (AUD)	13.5 cents
(i) Expected price volatility of the shares	60%
(j) Expected dividend yield	Nil

The expected price volatility is based on the historic volatility and the general trend in share prices of the companies in similar businesses and trading on the ASX over the past 12 months.

Set out below are summaries of all Performance Rights granted under the Plan and unexpired at 31 December 2016:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE	OPTIONS AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR
25 May 2016	30 May 2019	20 cents	11.3 cents	-	4,000,000	-	-	-	4,000,000
				-	4,000,000	-	-	-	4,000,000

7.3 RELATED PARTY TRANSACTIONS

(i) Parent entity

Transactions between the Company and other entities in the Group during the years ended 31 December 2016 and 31 December 2015 consisted of loans advanced and payments received and made on inter-company accounts. These transactions were made on normal commercial terms and conditions and at market rates.

(ii) Key management personnel disclosures

Compensation

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

	31 DEC 2016 \$	31 DEC 2015 \$
Short-term employee benefits	933,726	1,387,810
Post-employment benefits	43,787	86,808
Long-term benefits	20,836	53,863
Share-based payments	134,458	175,773
	1,132,807	1,704,254

Detailed remuneration disclosures are provided in the remuneration report in the director's report on page 15.

(iii) Transactions with other related parties

Mine Site Construction Services ("MSCS"), a company associated with Directors Mark Caruso and Joseph Caruso has provided the followings services to the Company during 2016 and 2015:

- Provision of office space.
The amount paid by the Company to MSCS for the year ended 31 December 2016 was \$90,199 (2015: \$47,734). This is considered to be an arm's length commercial rent. There is a formal sub lease in place.
- Provision of secretarial staff to the Executive Chairman.
The amount paid by the Company to MSCS for the year ended 31 December 2016 was \$76,329 (2015: \$57,784). The amounts payable are pursuant to an Executive Service Agreement and have been reimbursed on an arm's length basis at normal commercial rates.
- Provision of technical staff.
The amount paid by the Company to MSCS for the year ended 31 December 2016 was \$210,413 (2015: \$299,422). The amounts payable have been in respect to the provision of technical staff at the Groups' head office and at the Tormin project and have been reimbursed on an arms-length basis at normal commercial rates.

• Others

The amount paid by the Company to MSCS for the year ended 31 December 2016 was \$127,799 (2015: \$128,259). The amounts payable have been in respect of telecommunication charges and miscellaneous payments made by MSCS on behalf of the Company. The amounts have been reimbursed on an arms-length basis at normal commercial rates.

Ross Hastings, one of the Directors has provided consulting services to one of the Company's projects during the year ended 31 December 2016. The amount paid by the Company to Ross Hastings for the year ended 31 December 2016 was \$6,306 (2015: \$nil). The amounts payable have been reimbursed on an arm's length basis at normal commercial rates.

(iv) Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 DEC 2016 \$	31 DEC 2015 \$
MSCS	106,049	92,105

(v) Loans to / from related parties

On 30 May 2014, the Company obtained an unsecured short term working capital facility of up to \$4m from major shareholders. This included a A\$2 million facility provided by Regional Management Pty Ltd ("RMS"), a related party of Mark Caruso, the Executive Chairman of the Company.

Pursuant to the Loan Agreement entered into between the Company and RMS, the lender provided a finance facility capped at A\$2 million on the following arm's-length and commercial terms:

- Loan is unsecured;
- Interest of 13% per annum;
- Line fee of 1% and establishment fee of 1%;
- Repayment to take in three equal tranches on 31 January 2015, 28 February 2015 and 31 March 2015; and
- Default interest of 10% if not repaid on the repayment date.

The loan repayments dates were subsequently extended. As at balance sheet date, the amount owing is \$583,044. The loan has been fully repaid immediately subsequent to year end.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER

This section provides information that is not directly related to the specific line items in the financial statements, including information about contingent assets and liabilities, other commitments, events after the end of the financial year, remuneration of auditors and changes to accounting policies and procedures.

8.1 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a) Contingent liabilities

Bank guarantees

FirstRand Bank Limited has issued a Bank Guarantee, in favour of the South African Department of Mineral Resources, in respect of MSR's obligations under the Tormin Mining Right for an amount of ZAR2,730,000 (USD198,141) (2015: ZAR2,730,000 (USD175,539)).

Subordination of Shareholders Loan

With effect from 26th March 2015, MRC Resources Proprietary Limited ("MRCR") has subordinated ZAR90,000,000 (USD5,790,798) (2015: ZAR90,000,000 (USD5,790,798)) of its inter-company loan account to FirstRand Bank Limited for the due payment by MSR of all monies owed to FirstRand Bank Limited.

Suretyship

With effect from 26th March 2015, MRCR has provided a surety to FirstRand Bank Limited of ZAR45,000,000 (USD3,266,055) (2015: ZAR45,000,000 (USD2,895,399)) for the due payment by MSR of all monies owed to FirstRand Bank.

With effect from 15th September 2016, MSR has provided a surety to FirstRand Bank Limited of ZAR4,614,788 (USD334,937) (2015: ZAR Nil (USD Nil)) for the due payment by Z Square M.P Empowerment Company (Proprietary) Ltd of all monies owed to FirstRand Bank.

Others

Other contingent liabilities relate predominantly to actual or potential claims of the Group for which amounts are reasonably estimated but the liability is not probable and therefore the Group has not provided for such amounts in the financial report. This amounted to ZAR5,300,000 (USD384,669) (2015: ZAR Nil (USD Nil)).

Other than those mentioned above, there have been no other changes to contingent assets or liabilities since 31 December 2016.

8.2 OTHER COMMITMENTS

Blue Bantry funding support

The Company, via MRCR, and Blue Bantry are both 50% shareholders in MSR, the entity which owns the Tormin Project. The Company agreed to provide Blue Bantry access to an amount of funding to support the original Tormin Project objectives by advancing through a loan, certain benefits Blue Bantry would expect to receive from the Tormin Project. Blue Bantry will repay the ZAR8,250,000 loan from dividend distributions that it will receive in the future from MSR.

8.3 EVENTS SINCE THE END OF THE FINANCIAL YEAR

Other than disclosed in the financial report above, there have been no other material matters arising subsequent to the end of the financial year.

8.4 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd and BDO Tax (WA) Pty Ltd, its related practices and related firms:

	31 DEC 2016 \$	31 DEC 2015 \$
Audit services		
Audit and review of financial reports		
BDO Audit (WA) Pty Ltd	44,020	60,790
BDO Johannesburg South Africa	23,597	48,588
	67,617	109,378
Non-audit services		
Taxation and company secretarial (South African entities)		
BDO Tax (WA) Pty Ltd	71,552	80,366
BDO Johannesburg South Africa	-	6,964
	71,552	87,330

8.5 ACCOUNTING POLICIES

a) New standards and interpretations not yet adopted

The Group has not elected to apply any pronouncements before their effective date for the annual reporting period ended 31 December 2016.

A number of new standards, amendments to standards and interpretations are effective for annual period beginning on or after 1 January 2017, and have not been applied in preparing these consolidated financial statements. The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below:

REFERENCE	TITLE	NATURE OF CHANGE	APPLICATION DATE OF STANDARD	IMPACT ON ENTITY FINANCIAL STATEMENTS	APPLICATION DATE FOR ENTITY
AASB 9 (issued December 2014)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Annual reporting periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 31 December 2018. The entity has not yet made an assessment of the impact of these amendments. The entity has financial assets classified as available-for-sale. When AASB 9 is first adopted, the entity will reclassify these into the fair value through profit or loss category. On 1 January 2018, the cumulative fair value changes in the available-for-sale reserve will be reclassified into retained earnings and subsequent fair value changes will be recognised in profit or loss. The change is applied retrospectively, however comparatives need not be retrospectively restated.	1 January 2018
		Impairment The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.		Instead, the cumulative effect of applying the change for the first time will be recognised as an adjustment to the opening balance of retained earnings on 1 January 2018. The entity has both long term and short term trade receivables. When this standard is adopted, the entity's loss allowance on trade receivable will increase. The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time is recognised as an adjustment to the opening balance of retained earnings on 1 January 2018.	
AASB15 IFRS 15 (issued June 2014)	Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Annual reporting periods beginning on or after 1 January 2018.	The entity operates in the mining industry and recognises revenue for sale of mineral sands per note 2.2. When this standard is first adopted, revenue for sale of mineral sands will instead be recognised when control of goods is transferred. Preliminary assessment indicates no material impact on revenue recognition from the implementation of this standard. Comparatives will need to be retrospectively restated, either back to 1 January 2017 if the full retrospective transitional requirements are applied, or to 1 January 2018 if the modified retrospective transitional requirements are applied. Modified retrospective restatement requires that the cumulative effect of applying AASB 15 for the first time be recognised as an adjustment to the opening balance of retained earnings on 1 January 2018.	1 January 2017

Directors' declaration

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 including;
 - (a) complying with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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.

Signed in accordance with a resolution of the Directors:



Mark Caruso
Executive Chairman
Dated at Perth, Western Australia this 28th day of February 2017





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INDEPENDENT AUDITOR'S REPORT

To the members of Mineral Commodities Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mineral Commodities Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2016 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees



Carrying value of mine assets

Key audit matter	How the matter was addressed in our audit
For the year ended 31 December 2016 the Group had property, plant and equipment of US\$16.1 million (2015: US\$11.3 million) and mine development of US\$7.66 million (2015: US\$7.59 million) as disclosed in Notes 3.3 and 3.2 respectively. Estimation and judgment is used in determining the useful life and amortisation rates for mining assets. The company is also required to assess for indicators of impairment at each reporting period. As the carrying value of mine assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, the mine assets were required to be assessed for impairment indicators in accordance with AASB 136 Impairment of Assets. This required critical analysis of the key estimates and judgements used in the assessment of impairment indicators.	Our procedures included, amongst others: We reviewed and challenged management's assessment of whether any internal or external indicators of impairment as per <i>AASB 136 Impairment of Assets</i> existed including, but not limited to: External • Comparing of the carrying value of net assets to the market capitalisation of the company. • Evaluating commodity prices with reference to contractual arrangements, market prices (where available) and historical performance. Internal • Reviewing and assessing management's financial forecast against actual results for the year. • Comparing the projected forecast to the carrying value of assets for the Tormin mining project. • Evaluating the impact of the updated mineral resource statement. • Considering the impact of mining lease renewals. We also considered the impact of the updated mineral resource statement against management's assessment of the life of mine and the depreciation and amortisation of mining assets.



Revenue Recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
For the year ended 31 December 2016 the Group recognised US\$26.87 million (2015: US\$46.18 million) as disclosed in Note 2.2 of the financial report. Revenue recognition was identified as a key audit matter due to the significance of revenue to the financial report and the nature of a significant offtake arrangement, which includes deferred delivery arrangements.	Our procedures included, amongst others: • We discussed with management and critically assessed the Group's revenue recognition policy including enquiring with management as to any changes to revenue recognition policies or practice during the year. • We obtained and reviewed offtake arrangements, including any variations and critically assessed the key terms against the revenue recognition policies adopted by the Group. • We analytically reviewed revenue recorded during the year by setting expectations based upon internal production and survey volumes against average contract pricing received during the year. • We assessed a sample of revenue transactions through comparison to sales contracts signed by the customer and bills of lading or final analysis certificates. • We evaluated whether revenue had been recorded in the correct period based on contractual terms for a sample of sales around the reporting date. • We evaluated the disclosures for revenue and revenue recognition accounting policies.



Existence and valuation of Inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
As at 31 December 2016, the carrying value of the Group's inventory was US\$7.997 million (2015: US\$2.301 million) as disclosed in Note 4.3 of the financial report. Inventory was identified as a key audit matter due to the significant increase in the finished goods from the prior period, the judgements by management in allocating costs to various products of the mining process and the significant balance of spares and consumables at the mine site.	Our procedures included, amongst others: • BDO network component auditors attended inventory counts at the Tormin mine site and counted a sample of inventory items and compared the quantities/volumes counted to the quantities/volumes recorded. • BDO network component auditors observed for potential obsolete or damaged items. • We obtained and reviewed an independent survey report of stockpiled finished goods and compared to volumes recorded. This included critically assessing the competence and objectivity of the expert used and the adequacy of their work. • We reviewed management's inventory model which allocates mining costs to finished product and critically assessed the methodology and compared to the accounting policy adopted by the Group. • We re-performed the calculation and reconciled inputs used in the inventory model to survey results, production reports, mining costs and sales contracts. • We tested a sample of finished product to assess whether they were recorded at a value higher than what they could be sold.

Other information

The directors are responsible for the other information. The other information comprises the unaudited information contained in directors' report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Mineral Commodities Ltd, for the year ended 31 December 2016, 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.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 28 February 2017

Statement of Corporate Governance

The Board of Directors (referred to hereafter as the “Board”) of Mineral Commodities Ltd (referred to hereafter as the “Company” or “MRC”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Securities Exchange (ASX) Corporate Governance Council’s (“CGC”) “Principles of Good Corporate Governance and Best Practice Recommendations” the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed that fact must be disclosed together with the reasons for the departure.

The Company’s corporate governance practices were in place throughout the year and are compliant, unless otherwise stated, with the Corporate Governance Council’s principles and recommendations, which are noted below.

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Act ethically and responsibly
- Principle 4. Safeguard integrity in corporate reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of security holders
- Principle 7. Recognise and manage risk
- Principle 8. Remunerate fairly and responsibly

A summary of the corporate governance policies and practices adopted by MRC is set out below.

ROLE OF THE BOARD OF DIRECTORS

The Board of MRC is responsible for setting the Company’s strategic direction and providing effective governance over MRC’s affairs in conjunction with the overall supervision of the Company’s business with the view of maximising shareholder value. The Board’s key responsibilities are to:

- (a) chart the direction, strategies and financial objectives for MRC and monitor the implementation of those policies, strategies and financial objectives;
- (b) monitor compliance with regulatory requirements, ethical standards and external commitments;
- (c) appoint, evaluate the performance of, determine the remuneration of, plan for the succession of and, where appropriate, remove the Chief Executive Officer (“CEO”) if in place or similar person acting in the executive capacity; and
- (d) ensure that the Board continues to have the mix of skills and experience necessary to conduct MRC’s activities, and that appropriate directors are selected and appointed as required.

In accordance with MRCs’ Constitution, the Board delegates responsibility for the day-to-day management of MRC to the Executive Chairman and CEO (subject to any limits of such delegated authority as determined by the Board from time to time). Management as a whole is charged with reporting to the Board on the performance of the Company.

All directors have unrestricted access to the Company Secretary, all employees of the group, and, subject to the law, access to all Company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Each director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board Committee. The Company will reimburse the director for the reasonable expense of obtaining that advice.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The role of the Company Secretary includes:

- Advising the Board and its Committees on governance matters;
- Monitoring that Board and Committee policy and procedures are followed;
- Coordinating, in unison with the Company, the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of directors.

BOARD STRUCTURE AND COMPOSITION

The Board currently is comprised of five directors, two of which are independent non-executive directors. Details of each director's skill, expertise and background are contained within the directors' report included with the Company's annual financial statements. Independence, in this context, is defined to mean a non-executive director who is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of MRC. The definition of independence in ASX Recommendation 2.3 is taken into account for this purpose. In the absence of any significant scale in the Company's existing operations, the Board did not believe that the existence of further independent non-executive directors would be of any additional benefit to the Company. As stated above, the Board will ensure that it continues to have the mix of skills and experience necessary to conduct MRC's activities, and that appropriate directors are selected and appointed as required.

The following table sets out the mix of skills and diversity that the Board currently has:

	NO. OF DIRECTORS
Expertise	
Senior Executive Experience	2
Governance	2
Financially Knowledgeable	4
Mining	3
Contracting	2
Technical (Geological / Engineering)	2
Mergers and Acquisitions	2
In-Country Experience	2
Resource Development	2
Competencies	
Strategic Leadership	5
Vision and Mission	5
Governance	5

Details of directors' shareholdings are disclosed in the directors' report and financial report. There are no retirement schemes other than the payment of statutory superannuation contributions.

Any equity based compensation of directors is required to be approved in advance by shareholders.

Presently, the roles of Chairman and CEO have not been separated. The roles were separated up to 12 September 2014 at which time the CEO resigned and Mr Mark Caruso, the Chairman of the Company, was appointed to the role of CEO. The Remuneration and Nomination Committee and Board consider that Mr Caruso's experience in the industry and in managing mining operations position him well to manage the affairs of the Company. The Board assessed its governance structure to mitigate any potential issues with the one person fulfilling the dual roles of Chairman and CEO. This led to the appointment of a Senior Non-Executive Director,

Mr Guy Walker, an existing non-executive director of the Company. The present Chairman of the Company is not considered to be an independent director. Notwithstanding this, all directors of the Company are, and were during the reporting period, independent in character and judgment.

The CEO is responsible for supervising the management of the business as designated by the Board.

MRC's non-executive directors may not hold office for a continuous period in excess of three years or past the third annual general meeting following their appointment, whichever is longer, without submitting for re-election. Directors are elected or re-elected, as the case may be, by shareholders in a general meeting. Directors may offer themselves for re-election. A director appointed by the directors (e.g., to fill a casual vacancy) will hold office only until the conclusion of the next annual general meeting of MRC but is eligible for re-election at that meeting.

The process for retirement by rotation and re-election of a director is set down in the Company's constitution. If a retiring director nominates for re-election, the Board, through the Remuneration and Nomination Committee will assess the performance of that director in their absence, and determine whether the Board will recommend a shareholder vote in favour of the re-election, or otherwise.

Details of each director standing for re-election, including their biographical details, relevant qualifications, experience and the skills, and other material directorships they bring to the Board are provided to shareholders to assess prior to voting on their re-election.

For new appointments, the Board, through the Remuneration and Nomination Committee identifies candidates with the appropriate expertise and experience, having regard to the weighted list of required directors' competencies as maintained by the Company. The Board will appoint the most suitable candidate, but the shareholders at the next annual general meeting of the Company must ratify the appointment. Shareholders are provided with all material information in the Notice of Annual General Meeting relevant to a decision on whether or not to elect or re-elect a director.

The Board will ensure appropriate checks are undertaken prior to making any new Board appointments. These will include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Statement of Corporate Governance

The key terms, conditions and requirements are set out in a standard letter of appointment. New directors will be provided with an induction program specifically tailored to the needs of individual appointees. The program includes meetings with major shareholders, one-on-one meetings with the members of the management team and visits to key sites.

Directors are also encouraged to participate in continual improvement programs and are expected to highlight areas of activity that could potentially be improved.

Under MRCs' Constitution, voting requires a simple majority of the Board. The Chairman holds a casting vote.

The Company has procedures enabling any director or committee of the Board to seek external professional advice as considered necessary, at the Company's expense subject to prior consultation with the Chairman. A copy of any advice sought by a director would be made available to all directors.

BOARD AND MANAGEMENT EFFECTIVENESS

Responsibility for the overall direction and management of MRC, its corporate governance and the internal workings of MRC rests with the Board notwithstanding the delegation of certain functions to the Executive Chairman and CEO and management generally (such delegation effected at all times in accordance with MRC's Constitution and its corporate governance policies).

An evaluation procedure in relation to the Board, individual directors, Board Committees and Company executives has been adopted by the Board. An evaluation procedure took place during the year. The evaluation of the Board as a whole is facilitated through the use of a questionnaire required to be completed by each Board Member, the results of which were summarized and discussed with the Chairman of the Board and tabled for discussion at a Board Meeting. Similarly, each individual director was required to self-assess his performance and to discuss the results with the Chairman. The same procedure is undertaken for the Audit, Compliance and Risk Committee and the Remuneration and Nomination Committee.

To ensure management, as well as Board effectiveness, the Board, through the Remuneration and Nomination Committee has direct responsibility for evaluating the performance of the CEO. A formal evaluation of the CEO was undertaken in respect to the 2016 financial year. The review was undertaken by the Chairman of the Remuneration and Nomination Committee and involved the review of the CEO's performance against set criteria and discussed with the CEO. The results of the review were then tabled at a meeting of the Remuneration and Nomination Committee and a summary provided to the Board of the Company.

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for MRC's systems of internal control. These systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulation, with a view to managing risk of failure to achieve business objectives. It must be recognized however that internal control systems provide only reasonable and not absolute assurance against the risk of material loss.

The Board reviews the financial position of MRC on a monthly basis. For annual financial statements, the CEO and the Chief Financial Officer ("CFO") are required to state in writing that:

- the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with the relevant accounting standards; and
- are founded on a system of risk management and internal compliance and control and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Management reports to the Board on the effectiveness of the Company's management of material business risk through the provision of regular risk reports to the Board via the Audit, Compliance and Risk Committee. Each reportable risk is discussed ensuring appropriate mitigation strategies are implemented by the Group. Management and the Board interact on a day to day basis and risk is continually considered across the financial, operational and organisation aspects of the Company's business. The Company considers the overall risk framework at each Audit Compliance and Risk Committee Meeting and will continue to monitor, assess and report its business risks.

The following are key risk areas that could have a material impact on the Company and its ability to achieve its objectives. These are not the only risks associated with the Company and there may be others from time to time that may also adversely affect future performance.

- **Country Risk:** The Company's primary assets are located in South Africa. Potential changes in fiscal or regulatory regimes in South Africa may adversely affect the Company. The Company must also comply with local laws and administrative process which are subject to potential amendments from time to time. The Company adopts processes to mitigate these risks and continues to explore other opportunities in other jurisdictions to diversify its asset holdings.
- **Business Continuation Risk:** Various circumstances may arise which may lead to shut downs in operations, including plant failure, industrial action, in-country unrest, natural disasters, and continuance of licenses. Management and the Board continually assess these risks and ensure all appropriate mitigating actions are put in place. This is underpinned by various policies currently in place, and in respect to licenses, continued stakeholder engagement.

- **Financial Risks:** Like all mining entities, the Company faces risks relating to movement in interest rates, foreign exchange rates, and access to funds. The Company maintains tight treasury controls and budget processes. Other financial risks are reported in the financial statements.
- **Product Risk:** The pricing of the Company products are subject to many global factors. The Company actively markets its products itself in order to achieve the maximum possible value based on the prevailing market conditions. The Company is also assessing investment in downstream processing to add value to its concentrate products.
- **Development Risk:** The Company continues to assess other projects. A failure to develop a project or seek alternate projects could impact the long term profitability and financial position of the Company. The Board continues to assess the progress of the Xolobeni project and will continue to review other opportunities in order to extend the Company's operations beyond the existing assets.

The Company does not presently have an internal audit function. This is mitigated by the Board, through the Audit, Compliance and Risk Committee implementing the matters set out above in respect to risk and management, and having a primary responsibility to ensure that:

- The Company presents and publishes accounts, which present a true and fair view of its results and financial position;
- The accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws; and
- The appointment and performance of the external auditor is appropriately monitored to ensure independence and the serving of the interests of shareholders.

This requirement is assisted by the formal sign off from the CEO and CFO as noted above.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board established two permanent Board committees in February 2013 to assist the Board in the performance of its functions:

- (a) the Audit, Compliance and Risk Committee; and
- (b) the Remuneration and Nomination Committee.

Each committee has a charter, which sets out the Committee's purpose and responsibilities. The Committees are described further below.

AUDIT, COMPLIANCE AND RISK COMMITTEE

The purpose of the Audit, Compliance and Risk Committee is to provide assistance to the Board in its review of:

- (a) MRC's financial reporting, internal control structure and risk management systems;
- (b) the internal and external audit functions; and
- (c) MRC's compliance with legal and regulatory requirements in relation to the above.

The Audit, Compliance and Risk Committee has specific responsibilities in relation to MRC's financial reporting process; the assessment of accounting, financial and internal controls; the appointment of external auditor; the assessment of the external audit; the independence of the external auditor; and setting the scope of the external audit.

The Company's external auditor is required to attend to the Company's annual general meeting and make themselves available to answer questions from security holders relevant to the audit.

The Audit, Compliance and Risk Committee must comprise at least three non-executive directors that have diverse, complementary backgrounds, with two independent non-executive directors. The Chairman of the Audit, Compliance and Risk Committee must be an independent non-executive director.

The members of the Audit, Compliance and Risk Committee are: Mr Walker (Chairman), Mr Hastings, and Mr Torre.

Statement of Corporate Governance

REMUNERATION AND NOMINATION COMMITTEE

The purpose of the Remuneration and Nomination Committee is to discharge the Board's responsibilities relating to the nomination and selection of directors and the compensation of the Company's executives and directors.

The key responsibilities of the Remuneration and Nomination Committee are to:

- (a) ensure the establishment and maintenance of a formal and transparent procedure for the selection and appointment of new directors to the Board; and
- (b) establish transparent and coherent remuneration policies and practices, which will enable MRC to attract, retain and motivate executives and directors who will create value for shareholders and to fairly and responsibly reward executives.

The Remuneration and Nomination Committee must comprise at least three non-executive directors, two of which must be independent non-executive Directors. The Chairman of the Remuneration and Nomination Committee must be an independent non-executive director.

The members of the Remuneration and Nomination Committee are: Mr Hastings (Chairman), Mr Walker, and Mr Joseph Caruso.

The remuneration policy which sets out the terms and conditions for the CEO and other senior executives is set out in the Remuneration Report included in the Directors' Report.

TIMELY AND BALANCED DISCLOSURE

MRC is committed to promoting investor confidence and ensuring that shareholders and the market have equal access to information and are provided with timely and balanced disclosure of all material matters concerning the Company. Additionally, MRC recognises its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company's shareholders are responsible for voting on the appointment of directors. The Board informs shareholders of all major developments affecting the Company by:

- Preparing half yearly and annual financial reports and making these available to all shareholders;
- Preparing quarterly activity reports;
- Advising the market of matters requiring disclosure under Australian Securities Exchange Continuous Disclosure Rules;
- Maintaining a record of significant ASX announcements on the Company's website;

- Submitting proposed major changes in the Company's affairs to a vote of shareholders, as required by the Corporation Law;
- Reporting to shareholders at annual general meetings on the Company's activities during the year. All shareholders that are unable to attend these meetings are encouraged to communicate issues or ask questions by writing to the Company;
- Security holders are given the option to receive communications from and send communications to the Company's and its share registry electronically; and
- Undertaking various presentations to discuss the Company's activities.

The Company has adopted a formal disclosure policy. The Board and management are aware of their responsibilities in respect of identifying material information and coordinating disclosure of that information where required by the ASX Listing Rules.

ETHICAL AND RESPONSIBLE DECISION-MAKING

CODE OF CONDUCT

The Board has created a framework for managing the Company including internal controls, business risk management processes and appropriate ethical standards.

The Board has adopted practices for maintaining confidence in the Company's integrity including promoting integrity, trust, fairness and honesty in the way employees and directors conduct themselves and MRCs' business, avoiding conflicts of interest and not misusing company resources. A formal Code of Conduct was adopted in February 2013.

DIVERSITY

The Company employs a broad mix of individuals reflecting its philosophy of hiring the best candidate for all positions at all levels irrespective of race, religion or gender. In terms of the composition of the Board and Board nominations, the Board considers the Australian Securities Exchange Corporate Governance Principles as part of the overall Board appointment process of determining the composition of the Board that is the most appropriate for the Group.

The Company has implemented a diversity policy. The objective of the policy is for the Company to embrace the diversity of skills, ideas and experiences of an individual and recognise that a workforce is made up of people with differences in age, gender, sexual orientation, disability, religion or national origin or social origin contributes to MRC's success and organizational strength. It ensures all employees are treated with fairness and respect.

MRC is committed to embedding a corporate culture that embraces diversity through:

- Recruitment on the basis of competence and performance and selection of candidates from a diverse pool of qualified candidates;
- Maintaining selection criteria that does not indirectly disadvantage people from certain groups;
- Providing equal employment opportunities through performance and flexible working practices;
- Maintaining a safe working environment and supportive culture by taking action against inappropriate workplace and business behaviour that is deemed as unlawful (discrimination, harassment, bullying, vilification and victimization);
- Promoting diversity across all levels of the business;
- Undertaking diversity initiatives and measuring their success;
- Regularly surveying our work climate; and
- The Board establishing measurable objectives in achieving gender diversity

The Company currently employs 222 staff, with 52 females, representing 23%. There are no female directors. The Company has not yet set any measurable objectives however it has an extensive social and labour plan in South Africa which addresses these diversity objectives.

The development of people is the fundamental principle; enshrined in the business strategy. The Company provides opportunities and resources for employees to be fully developed in job disciplines that form part of the occupational structures of the operating subsidiaries. These opportunities pervade throughout and are not limited to a specific department or level.

The Company ensures that the highest calibre of management is of great importance to sustain the business.

The Company will assist employees in achieving their potential by supporting and mentoring them in their development. At the same time, meticulous attention is given to the requirements of the Legislation applicable thereto.

REGIONAL AND LOCAL ECONOMIC DEVELOPMENT/SOCIO-ECONOMIC DEVELOPMENT

The Company's wholly owned subsidiary, Mineral Sands Resources (Pty) Ltd (MSR) is committed towards contributing to the socio-economic activities of the immediate community and the region. Although the primary objective is to mine Heavy Minerals for

the international and local markets, the business is managed in a manner that embodies value added compliance with all relevant legislative requirements and socio-economic responsibilities.

MSR's management will always endeavour to offer job opportunities to the local community and the labour sending area from which labour is sourced, Xolobeni, by the creation of direct and indirect jobs wherever the required skills and experience are present or developed. MSR will continue to afford job opportunities to the members of the local community and the labour sending area where such individuals meet the necessary recruitment criteria.

The promotion of local and Xolobeni sustainable development is a core objective of MSR'S Social & Labour Plan (SLP) and, as such, may be used as a general indicator to measure the success of this SLP. This performance indicator should focus particularly on the prevalence of livelihood opportunities for local people and Xolobeni people after mine closure, compared with the situation before the commencement of the operation.

SECURITIES TRADING POLICY

A Securities Trading Policy has been adopted by the Board to set a standard of conduct, which demonstrates MRC's commitment to ensuring awareness of the insider trading laws, and that employees and directors comply with those laws.

The Securities Trading Policy imposes additional share trading restrictions on directors, the Company Secretary, executives and employees involved in monthly financial accounting processes ("specified persons").

Under the Securities Trading Policy, specified persons are only permitted to buy and sell securities if they do not possess non-public price sensitive information and trading occurs outside of specified restricted periods. These periods are the periods commencing on the first day of the month before the end of the half-year or full year period and ending on the next business day after the announcement of the results for that period. In addition, before a specified person can deal in MRC's securities they must obtain clearance from the appropriate officer, confirming that there is no reason why they cannot trade.

OTHER INFORMATION

The ASX guidelines also prescribe that the Company should maintain a dedicated corporate governance information section on its website. Such a dedicated information section is available on the Company's website.

Statement of Corporate Governance

MINERAL RESOURCE STATEMENT

The Company holds the following mining and prospecting rights:

COUNTRY	LOCATION	NUMBER	TYPE OF RIGHT	STATUS	BENEFICIAL INTEREST
South Africa	Tormin	(WC)30/5/1/1/2/10261 PR	Prospecting	Under Application	100%
South Africa	Tormin	(WC)30/5/1/1/2/10261 PR	Prospecting	Under Application	100%
South Africa	Tormin	(WC)30/5/1/2/2/163 MR	Mining	Approved	100%
South Africa	Tormin	(WC) 30/5/1/1/2/10259 PR	Prospecting	Under Application	100%
South Africa	Tormin	(WC)30/5/1/2/2/162 MR	Mining	Approved	100%
South Africa	Tormin	(WC)30/5/1/1/2/10036 PR	Prospecting	Approved	100%
South Africa	Tormin	(WC)30/5/1/1/2/10199 PR	Prospecting	Approved	100%
South Africa	Tormin	(WC)30/5/1/1/2/10226 PR	Prospecting	To be subject to Judicial Review	100%
South Africa	Tormin	(WC)30/5/1/1/2/10229 PR	Prospecting	To be subject to Judicial Review	100%
South Africa	Tormin	(WC)30/5/1/1/2/10240 PR	Prospecting	Under Application	100%
South Africa	Xolobeni	EC30/5/1/1/2/6 PR	Prospecting	Converting to Mining Right	100%
South Africa	Xolobeni - Kwanyana block	EC30/5/1/1/2/10025 PR	Prospecting	Converting to Mining Right	100%
South Africa	Xolobeni	EC30/5/1/1/2/10025 MR	Mining	Under Application	100%

UNDER APPLICATION

The Company has no interests held in any farm-in or farm-out agreements.

XOLOBENI is located in the Eastern Cape Province of South Africa approximately 300km north of East London and 200km south of Durban.

The Company Reviews its Resources as at 31 December each year.

The Company considers any additional exploration or depletion of its Resources which would have a bearing on the total resource reported.

No exploration or production activity has been carried out at the Xolobeni Minerals Sands Project during the year. The Company is not aware of any new information or data that materially affects the information presented herein and confirms that all material assumptions and technical parameters underpinning the estimates in relation to the Xolobeni Mineral Sands Project continue to apply and have not materially changed. There were no additional Resources added to Xolobeni during the year. As such, the mineral resources for Xolobeni as at 31 December 2016 remain consistent with 31 December 2015.

TORMIN is located on the west coast of South Africa, approximately 400km north of Cape Town.

The Company is mining a HMS deposit located in a dynamic and actively changing coastal beach environment. Due to the constant wave action and high tide flooding of the mining areas, replenishment of HMS material is taking place in mined and disturbed areas.

Mining has now been ongoing for three years and a total of 4.5 million tonnes of material has been processed. The tonnage processed is more than the declared resource tonnage which is indicative of the replenishment nature of the resource where resource blocks gets mined more than once per year. As the mining rate is faster than the replenishment rate, the resource grade has been steadily diminishing over the past three years.

CATEGORY	RESOURCE MILLION TONNES	TOTAL HM%	ILMENITE (%HM)	RUTILE (%HM)	BENEFICIAL INTEREST	GARNET (%HM)
Indicated Resource – Dec 2013	2.70	49.4%	10.6%	3.4%	0.7%	25.3%
Material Mined - 2014	1.07	55.3%	16.9%	5.02%	0.65%	32.55%
Inferred Resource – Dec 2014	2.70	38.14%	10.05%	2.21%	0.46%	25.22%
Material Mined (Wet) – 2015	1.62	49.81%	16.15%	3.88%	0.60%	28.94%
Inferred Resource – Dec 2015	2.70	28.01%	6.97%	1.56%	0.55%	18.54%
Material Mined (Wet) – 2016	1.81	45.97%	12.97%	2.78%	0.61%	29.21%
Inferred Resource – Dec 2016	1.80*	28.08%	6.15%	1.65%	0.53%	18.99%

* 0.5% Zircon cut-off grade use

There has been a downgrade of the inferred resources from 2.7 million tonnes to 1.8 million tonnes. Resource replenishment is occurring but at a rate that is slower than the mining rate. The Company is unable to report a replenishment grade or quantity under the 2012 JORC code. The Company continues to conduct grade reconciliation and sample grading on a daily basis as part of the mining operation to correlate between stated resource and actual resource in terms of quantity, grade and replenishment.

The resource grade has remained similar to the December 2015 reported resource.

The nature of the resource replenishment is typical of modern day beach placer deposits found along the West Coast of South Africa and the Southeastern Tamil Nadu coast of India.

A table which provides a summary of important assessment and reporting criteria used for the Tormin Mine in accordance with the Table 1 checklist in The Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition) was included in the Company's initial release on 27 February 2017 entitled "Annual Tormin Mineral Resource Update".

The December 2016 inferred resource is based on the reasonable prospect for the economic extraction of the material, as has occurred over the past 3 years. Note that individual minerals are reported as a percentage of the total resource.

Mining has now been ongoing for three years and a total of 4.5 million tonnes of material has been processed. The tonnage processed is more than the initial declared resource tonnage which is indicative of the replenishment nature of the resource where resource blocks are mined more than once per year.

The Tormin and Xolobeni Mineral Resources based on mined material reconciliation as at 31 December 2016 for the Tormin Resource is as follows – note individual minerals reported as a percentage of the total heavy mineral concentration.

PROJECT	CATEGORY	RESOURCE MILLION TONNES	TOTAL HEAVY MINERAL %	ILMENITE (% IN HM)	ZIRCON (% IN HM)	RUTILE (% IN HM)	GARNET (% IN HM)
Tormin	Inferred	1.80	28.08%	21.9%	5.9%	1.9%	67.6%
Xolobeni	Measured	224	5.7%	54.5%			
	Indicated	104	4.1%	53.7%			
	Inferred	18	2.3%	69.6%			
Total Xolobeni		346.0	5.0%	54.0%			
Total MRC		348.7	5.3%	53.8%			

Statement of Corporate Governance

MINERAL RESOURCE AND ORE RESERVE GOVERNANCE

Mineral Resources and where applicable, Ore Reserves, are estimated by suitable qualified MRC personnel in accordance with the JORC Code, using industry standard techniques.

All Mineral Resource estimates and supporting documentation are reviewed by external Competent Persons. Any amendments to the Mineral Resource Statement to be included in the Annual Report is reviewed by a suitably qualified Competent Person.

The mineral resource estimations previously reported under JORC 2004 for the Tormin Resource, are re-presented with updated disclosure of Table 1 from JORC 2012.

COMPETENT PERSON

The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves for Xolobeni is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of AI Maynard & Associates Pty Ltd and has over 35 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves for Tormin is based on information compiled by Mr Adriaan Du Toit, who is a Member of the Australian Institute of Mining & Metallurgy (AusIMM) and an independent consultant to the Company. Mr du Toit is the Director and principle geologist of AEMCO PTY LTD and has over 24 years of exploration and mining experience in a variety of mineral deposits and styles. Mr du Toit has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). The information from Mr du Toit was prepared under the JORC Code 2012 Edition. Mr du Toit consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Shareholder information



Additional information required by the Australian Securities Exchange Ltd Listing Rules and not disclosed elsewhere in this report. This information is current as at 15th March 2017.

TWENTY LARGEST SHAREHOLDERS

Rank	Name	15 Mar 2017	%IC
1	AU MINING LIMITED	103,319,270	25.51
2	CITICORP NOMINEES PTY LIMITED	102,921,697	25.42
3	ZURICH BAY HOLDINGS PTY LTD	50,000,000	12.35
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	41,502,462	10.25
5	ZURICH BAY HOLDINGS PTY LTD	25,757,485	6.36
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	16,506,511	4.08
7	MRS KATHRYN ELIZABETH STRICKLAND	6,342,000	1.57
8	INTERNATIONAL MINING SERVICES LIMITED	5,706,875	1.41
9	MR JONATHAN COLVILE	4,131,500	1.02
10	REGIONAL MANAGEMENT PTY LTD	1,546,540	0.38
11	INTERNATIONAL MINING SERVICES LTD	1,500,000	0.37
12	MR ROBERT CAMERON GALBRAITH	1,459,221	0.36
13	MR ASHLEY WALLISS	1,250,000	0.31
13	ZURICH BAY HOLDINGS PTY LTD	1,250,000	0.31
14	MR KEVIN ANTHONY LEO & MRS LETICIA LEO	1,150,000	0.28
15	KINGARTH PTY LTD	1,000,000	0.25
15	MR WILLIAM DAVIDSON MEEK	1,000,000	0.25
16	MR GRANT MENHENNETT	954,481	0.24
17	MR ASHLEY WALLISS	836,295	0.21
18	MR CHRISTOPHER VICTOR CARUSO	750,000	0.19
18	MR JOHN BARRY LEMKE	750,000	0.19
19	BATEMAN INTERNATIONAL BV	743,209	0.18
20	MR IAN WESTMORE HOLMAN & MRS JENNIFER MARY HOLMAN	694,321	0.17
Total		371,071,867	91.64

DISTRIBUTION OF EQUITY SECURITY HOLDERS

Range	Securities	No. of holders
100,001 and Over	391,369,675	102
10,001 to 100,000	11,159,870	311
5,001 to 10,000	1,326,226	163
1,001 to 5,000	1,048,956	308
1 to 1,000	36,844	130
Total	404,941,571	1,014
Unmarketable Parcels	603,956	340

Shareholder information

MARKETABLE PARCELS

Number of shareholders holding less than a marketable parcel of ordinary shares is 340.

VOTING RIGHTS

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held.

Option holders have the right to attend meetings but have no voting rights until the options are exercised.

SUBSTANTIAL SHAREHOLDERS

The following shareholders are considered substantial shareholders:

M&G Investment Management Limited	8.84% of the issued ordinary shares
Zurich Bay Holdings Pty Ltd	19.02% of the issued ordinary shares
AU Mining Limited	25.5% of the issued ordinary shares
Tormin Holdings Limited	14.8% of the issued ordinary shares
Mr and Mrs Anthony Lowrie	6.6% of the issued ordinary shares

RESTRICTED SECURITIES

There are no restricted securities.

SHARE BUY BACKS

There is no current on market share buyback.







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