

# **Rand Mining Limited**

**ABN 41 004 669 658**

## **Annual Report - 30 June 2018**

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|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors                        | Otakar Demis - Chairman<br>Anthony Billis<br>Gordon Sklenka                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Company secretaries              | Otakar Demis<br>Roland Berzins                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Notice of annual general meeting | The annual general meeting of Rand Mining Limited will be held at:<br>IBIS Styles Hotel<br>45 Egan Street<br>Kalgoorlie WA 6430<br>on 15 November 2018 at 10.00am                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Registered office                | Suite G1, 49 Melville Parade<br>South Perth WA 6151<br>Tel: +61 (8) 9474 2113<br>Fax: +61 (8) 9367 9386                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Principal place of business      | Suite G1, 49 Melville Parade<br>South Perth WA 6151<br>Correspondence address:<br>PO Box 307<br>West Perth WA 6872                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Share register                   | Advanced Share Registry Services Limited<br>110 Stirling Highway<br>Nedlands WA 6009<br>Tel: +61 (8) 9389 8033<br>Fax: +61 (8) 9262 3723                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Auditor                          | Grant Thornton Audit Pty Ltd<br>Central Park<br>Level 43, 152-158 St Georges Terrace<br>Perth WA 6000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Bankers                          | Australia and New Zealand Banking Group Limited ('ANZ')<br>77 St George's Terrace<br>Perth WA 6000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Stock exchange listing           | Rand Mining Limited shares are listed on the Australian Securities Exchange (ASX code: RND)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Website                          | <a href="http://www.randmining.com.au">www.randmining.com.au</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Corporate Governance Statement   | <p>The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.</p> <p>The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.</p> <p>The Company's Corporate Governance Statement and policies, approved at the same time as the Annual Report, can be found on the Company's website: <a href="http://www.randmining.com.au/Corporate-Governance">www.randmining.com.au/Corporate-Governance</a></p> |

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Rand Mining Limited (referred to hereafter as the 'Company', 'parent entity' or 'Rand') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

### **Directors**

The following persons were directors of Rand Mining Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Otakar Demis - Chairman  
 Anthony Billis  
 Gordon Sklenka

### **Principal activities**

The principal activities of the Group during the year were exploration, development and production activities at the Group's East Kundana Joint Venture tenements.

### **Dividends**

Dividends paid/payable during the financial year were as follows:

|                                                                                                                                                                                                   | <b>Consolidated</b> |             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
|                                                                                                                                                                                                   | <b>2018</b>         | <b>2017</b> |
|                                                                                                                                                                                                   | <b>\$</b>           | <b>\$</b>   |
| Maiden dividend declared for the year ended 30 June 2017 of 10 cents (2016: nil cents) per ordinary share fully franked based on a tax rate of 30%, and paid to Rand shareholders on 31 July 2017 | -                   | 6,014,848   |

A dividend of 10 cents per ordinary share, fully franked based on a tax rate of 30%, was disclosed to the ASX on 22 August 2018 and paid to Rand shareholders on 14 September 2018.

A special dividend of \$1.25 per ordinary share, fully franked based on a tax rate of 30%, was disclosed to the ASX on 20 September 2018 and will be paid to Rand shareholders on 12 October 2018.

The financial effect of these dividends have not been brought to account in the financial statements for the year ended 30 June 2018 and will be recognised in subsequent financial periods.

### **Review of operations**

The profit for the Group after providing for income tax amounted to \$22,103,235 (30 June 2017: \$16,521,417).

### **East Kundana Joint Venture**

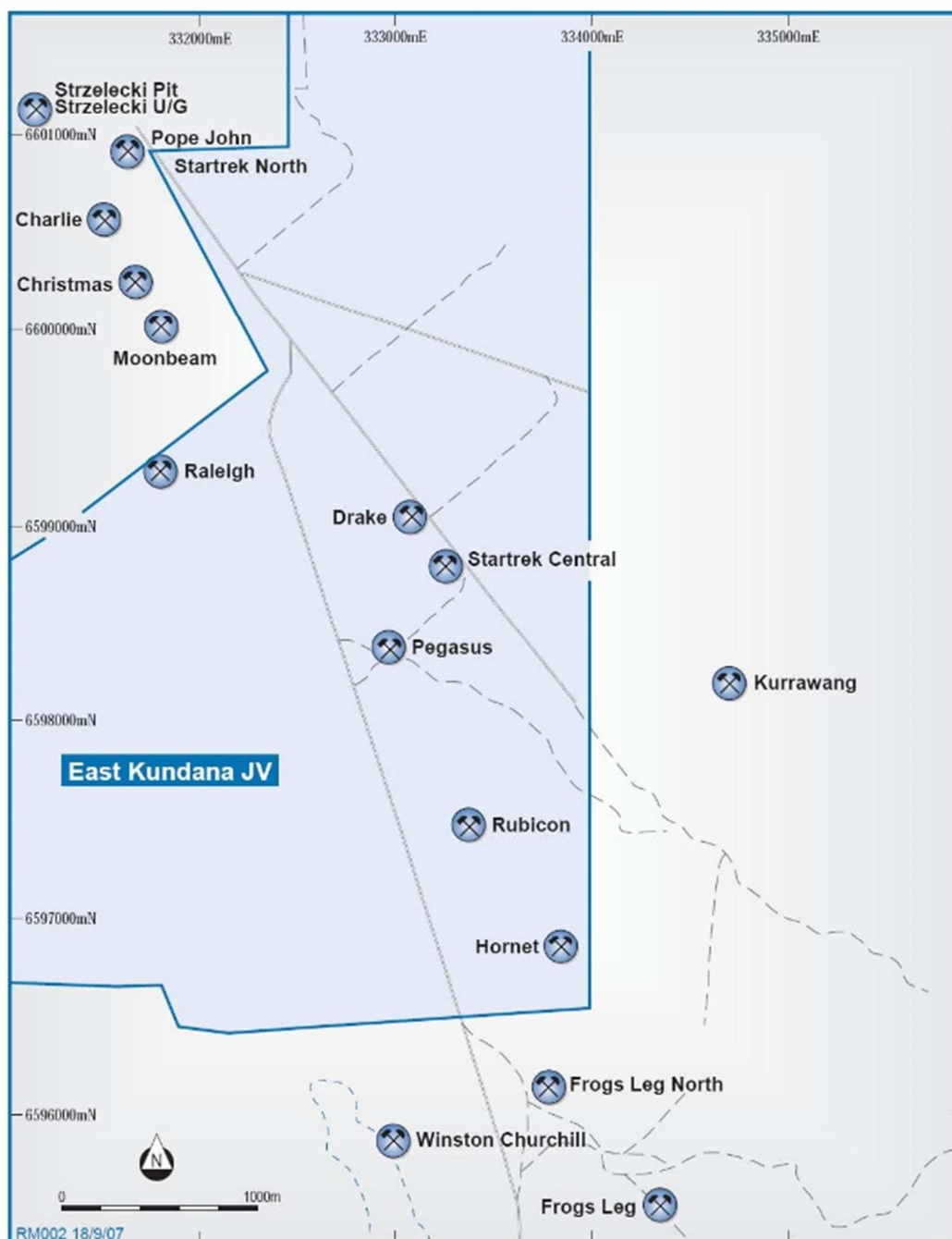
The East Kundana Joint Venture ('EKJV') is located 25km west north west of Kalgoorlie and 47km north east of Coolgardie.

The EKJV is between Rand Mining Limited ('Rand') (12.25%), Tribune Resources Limited ('Tribune') (36.75%) and Gilt-Edged Mining Pty. Ltd. (51%). On 1 March 2014, Gilt-Edged Mining became a wholly owned subsidiary of Northern Star Resources Ltd ('Northern Star').



**KUNDANA PROJECT  
 Location Map**

*Note: The Joint Venture deposits are located within the blue shaded area. Other deposits indicated on this map do not belong to either Rand Mining or the Joint Venture.*



**EAST KUNDANA JOINT VENTURE  
Deposit Locations**

*Note: The Joint Venture deposits are located within the blue shaded area. Other deposits indicated on this map do not belong to either Rand Mining or the Joint Venture.*

## **Mining**

### **Raleigh**

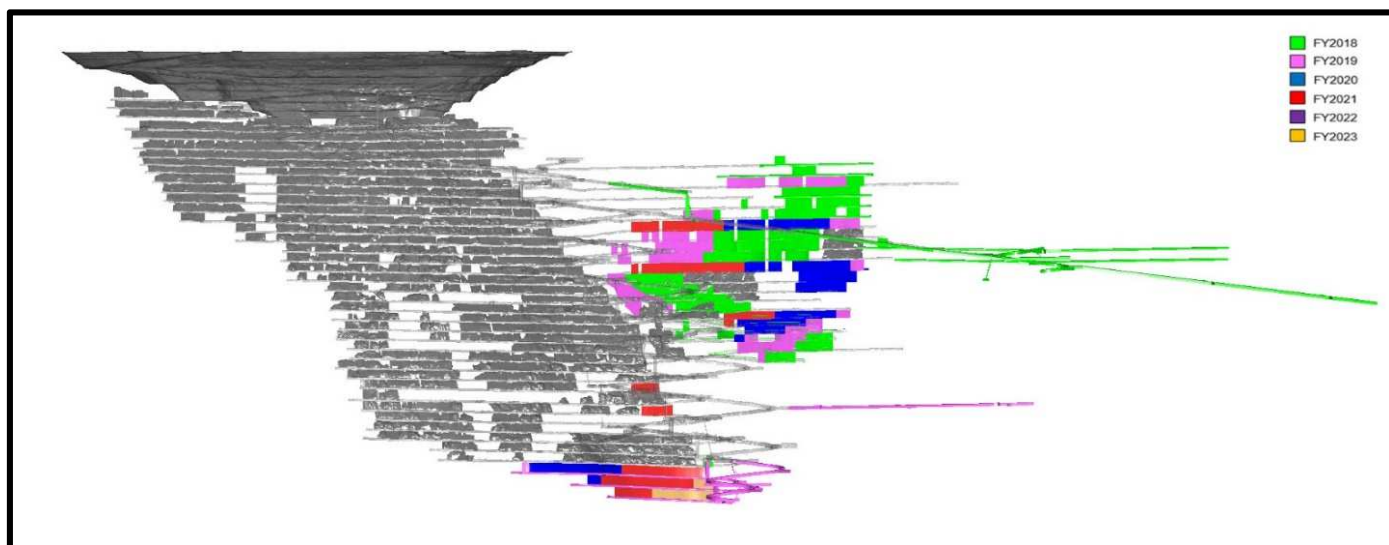
During the year ended 30 June 2018, 278,478 tonnes of ore were extracted from stopes on the 5966TL, 5932 to 5864 and 5614 levels and the Crown Pillar and from development headings on the 6149, 6136, 6102, 6085, 6017 to 5966, 5881 to 5830 and 5797 levels at the Raleigh Underground mine. The grade was 7.69 g/t.

Rand's entitlement to the ore extracted was 34,810 tonnes, compared to 22,858 tonnes the previous year.

### Mine Claimed Production

| Year                      | Mined<br>(t)   | Raleigh<br>Grade<br>(g/t) | Gold<br>(oz)  |
|---------------------------|----------------|---------------------------|---------------|
| 06/07                     | 239,700        | 16.6                      | 127,700       |
| 07/08                     | 234,400        | 11.9                      | 89,800        |
| 08/09                     | 308,512        | 12.6                      | 124,962       |
| 09/10                     | 339,660        | 13.4                      | 146,670       |
| 10/11                     | 323,182        | 13.4                      | 139,060       |
| 11/12                     | 244,799        | 14.8                      | 116,921       |
| 12/13                     | 179,553        | 14.2                      | 81,930        |
| 13/14                     | 87,948         | 15.7                      | 44,313        |
| 14/15                     | 58,362         | 11.5                      | 21,706        |
| 15/16                     | 155,560        | 9.5                       | 47,302        |
| 16/17                     | 182,860        | 8.7                       | 50,957        |
| <b>17/18</b>              | <b>278,478</b> | <b>7.7</b>                | <b>68,822</b> |
| <b>Rand's entitlement</b> | <b>34,810</b>  | <b>7.7</b>                | <b>8,603</b>  |

The sequence of stoping and mine development in the current life of mine ('LOM') plan is shown below, where grey represents all stoping and development completed at 30 June 2018, green expected to be completed by mid-2019, pink expected to be completed by mid-2020, blue expected to be completed by mid-2021, red expected to be completed by mid-2022, purple expected to be completed by mid-2023 and orange expected to be completed by mid-2024. The extension of mining beyond mid-2024 depends on the results of the current exploration programme.



### *Rubicon/Hornet/Pegasus*

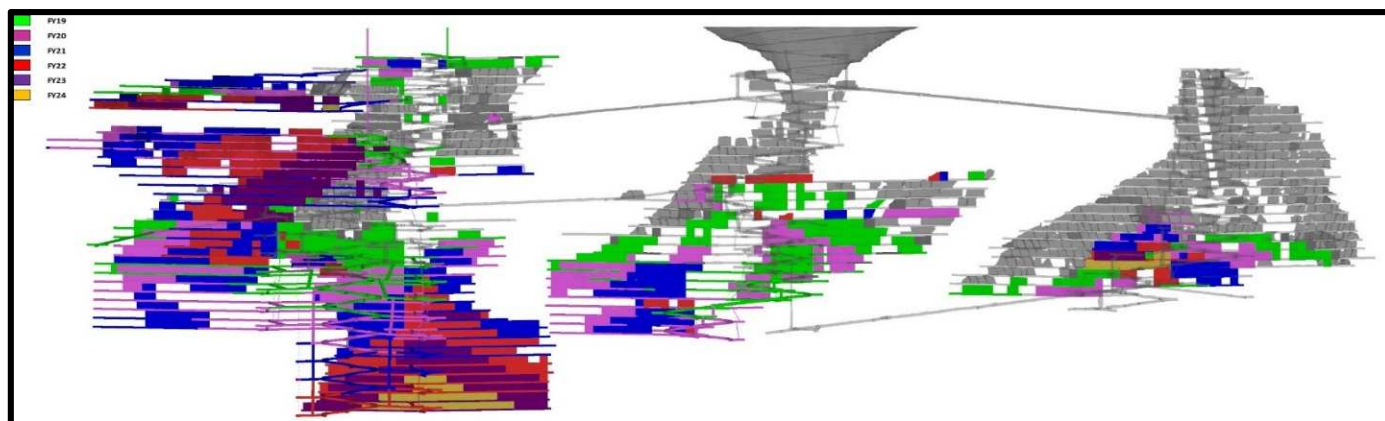
During the year ending 30 June 2018, 996,445 tonnes of ore were extracted from stopes on the 5975 to 5855 levels and development headings on the 5915 to 5815 levels of the Rubicon ore body; from stopes on the 5945, 5905 to 5765 levels and development headings on the 5865HW, 5845HW, 5785 and 5745 levels of the Hornet ore body and from stopes on the 6230 to 6130, 6090 to 6010, 5970 to 5870 and Poda 6225 and 6201 levels and development headings on the 6270, 6250, 6130, 6030, 5950, 5910 to 5850 and Poda 6201 levels of the Pegasus ore body. The grade was 6.19 g/t.

Rand's entitlement to the ore extracted was 122,065 tonnes, compared to 103,309 tonnes the previous year.

### Mine Claimed Production

| Year                      | Rubicon/Hornet/Pegasus |                |                |
|---------------------------|------------------------|----------------|----------------|
|                           | Mined<br>(t)           | Grade<br>(g/t) | Gold<br>(oz)   |
| 11/12                     | 78,229                 | 9.6            | 24,103         |
| 12/13                     | 266,113                | 10.3           | 88,666         |
| 13/14                     | 314,685                | 11.3           | 114,454        |
| 14/15                     | 605,988                | 9.5            | 184,302        |
| 15/16                     | 761,483                | 7.3            | 178,931        |
| 16/17                     | 843,340                | 7.1            | 192,487        |
| <b>17/18</b>              | <b>996,445</b>         | <b>6.2</b>     | <b>198,276</b> |
| <b>Rand's entitlement</b> | <b>122,065</b>         | <b>6.2</b>     | <b>24,289</b>  |

The sequence of stoping and mine development in the current LOM plan is shown below, where grey represents all stoping and development completed at 30 June 2018, green expected to be completed by mid-2019, pink expected to be completed by mid-2020, blue expected to be completed by mid-2021, red expected to be completed by mid-2022, purple expected to be completed by mid-2023 and orange expected to be completed by mid-2024. The extension of mining beyond mid-2024 depends on the results of the current exploration programme.



### Processing

Since January 2013, all EKJV ore has been processed in mainly monthly campaigns at the Kanowna Plant located near Kalgoorlie.



**EKJV  
Processing at Kanowna**

| Campaign | From              | To                | Processed (t)  |
|----------|-------------------|-------------------|----------------|
| KB53     | 07/07/2017        | 21/07/2017        | 72,182         |
| KB54     | 03/08/2017        | 18/08/2017        | 73,636         |
| KB55     | 01/09/2017        | 12/09/2017        | 60,953         |
| KB56     | 05/10/2017        | 19/10/2017        | 75,462         |
| KB57     | 01/11/2017        | 15/11/2017        | 72,466         |
| KB58     | 04/12/2017        | 22/12/2017        | 62,266         |
| KB59     | 08/01/2018        | 24/01/2018        | 86,922         |
| KB60     | 07/02/2018        | 22/02/2018        | 71,534         |
| KB61     | 06/03/2018        | 20/03/2018        | 79,452         |
| KB62     | 04/04/2018        | 30/04/2018        | 147,122        |
| KB63     | 01/06/2018        | 18/06/2018        | 97,295         |
|          | <b>01/07/2017</b> | <b>30/06/2018</b> | <b>899,290</b> |
|          | 01/07/2016        | 30/06/2017        | *1,005,240     |
|          | 01/07/2015        | 30/06/2016        | 894,474        |
|          | 01/07/2014        | 30/06/2015        | 620,719        |
|          | 01/07/2013        | 30/06/2014        | 423,334        |
|          | 01/07/2012        | 30/06/2013        | **214,255      |
|          | 01/07/2011        | 30/06/2012        | -              |

\* Includes 32,819 tonnes of EKJV ore processed at the Greenfields Plant.

\*\* An additional 144,230 tonnes of Rand and Tribune Group's share of EKJV ore were processed at the Greenfields Plant.

During the year ended 30 June 2018, 94,751.435 ounces of gold and 14,690.156 ounces of silver were credited to the Rand and Tribune Group Bullion Account.

Rand's share of the gold bullion was 23,687.856 ounces compared to 27,362.987 ounces the previous year.

| To                | Rand and Tribune Group Bullion |               | Rand's share  |               |
|-------------------|--------------------------------|---------------|---------------|---------------|
|                   | From                           | Gold (oz)     | Silver (oz)   | Gold (oz)     |
| <b>01/07/2017</b> | <b>30/06/2018</b>              | <b>94,751</b> | <b>14,690</b> | <b>23,687</b> |
| 01/07/2016        | 30/06/2017                     | 109,451       | 20,728        | 27,362        |
| 01/07/2015        | 30/06/2016                     | 103,747       | 20,647        | 25,937        |
| 01/07/2014        | 30/06/2015                     | 97,420        | 21,027        | 24,355        |
| 01/07/2013        | 30/06/2014                     | 79,907        | 18,854        | 19,976        |
| 01/07/2012        | 30/06/2013                     | 95,554        | 17,248        | 23,888        |
| 01/07/2011        | 30/06/2012                     | 61,864        | 15,841        | 15,466        |
| 01/07/2010        | 30/06/2011                     | 64,716        | 8,639         | 16,179        |
| 01/07/2009        | 30/06/2010                     | 77,624        | 12,019        | 19,406        |
| 01/07/2008        | 30/06/2009                     | 32,478        | 4,649         | 8,119         |
| 01/07/2007        | 30/06/2008                     | 59,638        | 8,048         | 14,909        |
| 01/07/2006        | 30/06/2007                     | 49,335        | 6,640         | 12,333        |
| 01/07/2005        | 30/06/2006                     | 25,599        | 3,951         | 6,399         |

During the June Quarter, Northern Star split some EKJV stockpiles without the consent of Rand and Tribune and contrary to the underlying agreements between the parties. The Northern Star 'share' (estimated to be approximately 227,000 tonnes-wet) was transported to the Greenfields and Jubilee Mills where most of the material was processed; the Rand and Tribune 'share' (estimated to be approximately 218,000 tonnes-wet) was stockpiled on part of the Rubicon ROM pad.

Rand and Tribune are of the view that they are collectively entitled to 49% of all gold and silver produced from the processing of EKJV ore by Northern Star at the Greenfields and Jubilee Mills during the June Quarter, with Rand's share of this gold estimated to be approximately 2,700 ounces. Rand and Tribune also remain entitled to 49% of the unprocessed stockpiles remaining at the end of the quarter.

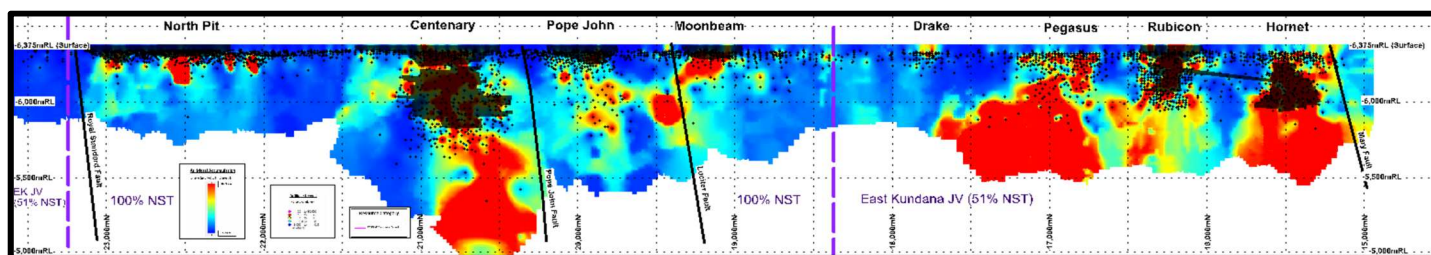
Consistent with the above, Northern Star is only entitled to 51% of all gold and silver produced from the processing of the above EKJV ore and to 51% of the remaining 'Rand and Tribune' stockpiles on the Rubicon ROM pad.

It should be noted that based on legal and audit advice the full 218,000 tonnes-wet was accounted for at cost under Inventory – Ore Stockpiles. Rand is continuing to seek legal advice on this alleged breach of the EKJV arrangements and will consider all avenues to remedy this action by Northern Star Resources and protect value for Rand shareholders.

## **Exploration**

During the year ended 30 June 2018, a number of drilling programmes were conducted along the K2 Line of Lode on the EKJV mining leases.

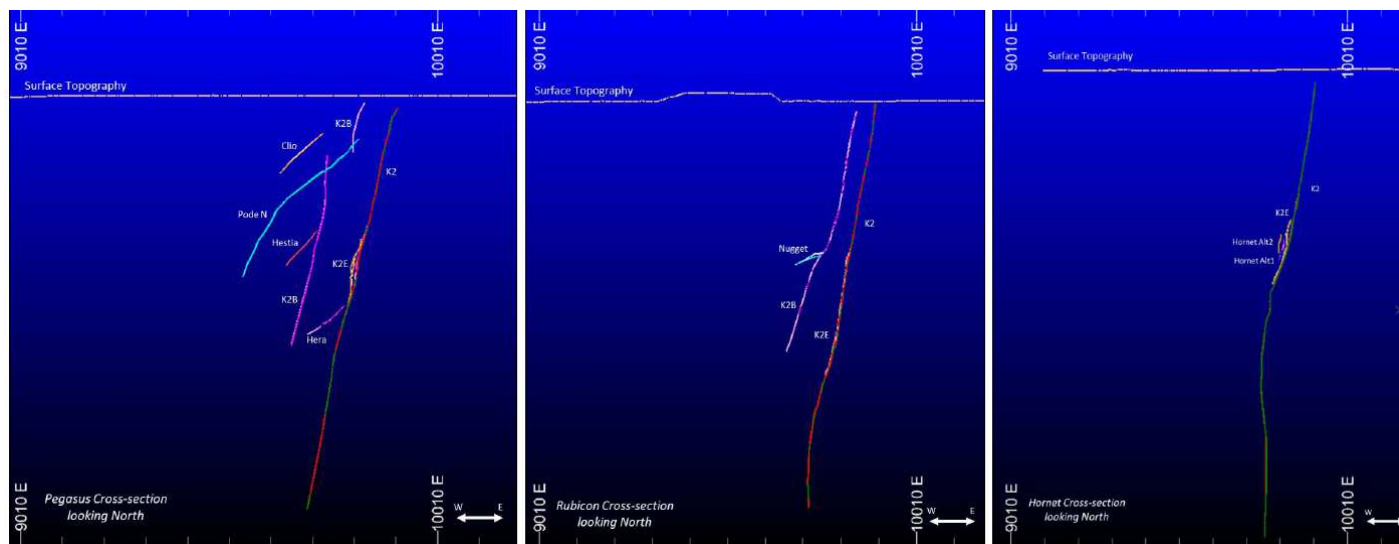
### **Long Section of the K2 Line of Lode**



Although most of the effort was focused on the Pegasus, Rubicon and Hornet deposits, there was a significant focus at Raleigh. This resulted in revised Joint Ore Reserves Committee ('JORC') compliant reserve and resource estimates.

Details have been reported in the EKJV Quarterly Exploration Reports released to ASX on 17 October 2017, 23 January 2018, 31 March 2018 and 19 July 2018.

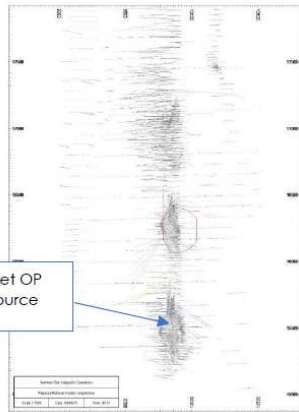
### **Cross Sections of the Pegasus/Pode, Rubicon and Hornet Lodes**



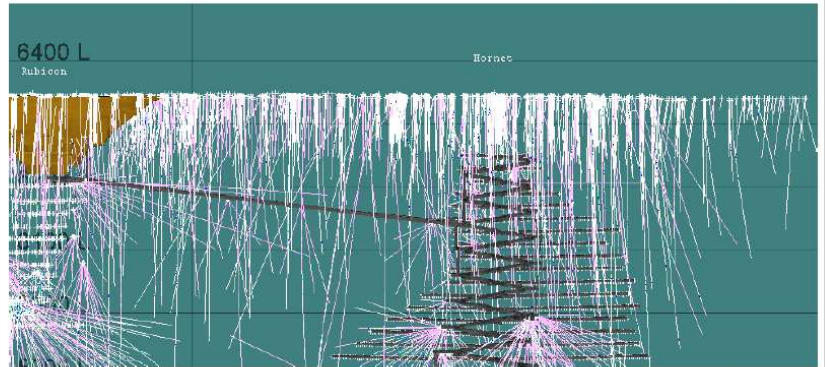
The exploration effort resulted in revised JORC compliant reserve and resource estimates released to the ASX on 6 September 2018.

### HORNET - REPRESENTATIVE PLAN AND CROSS SECTION

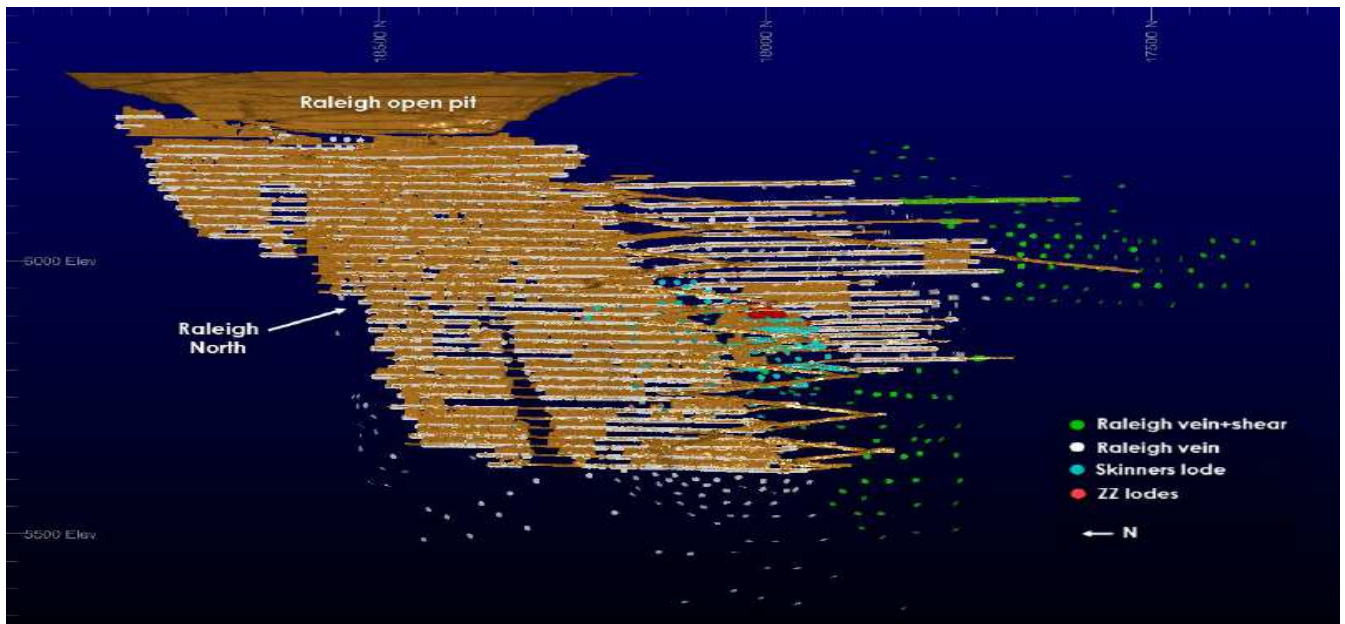
Plan view: Hornet O/P Resource drill collars and Traces



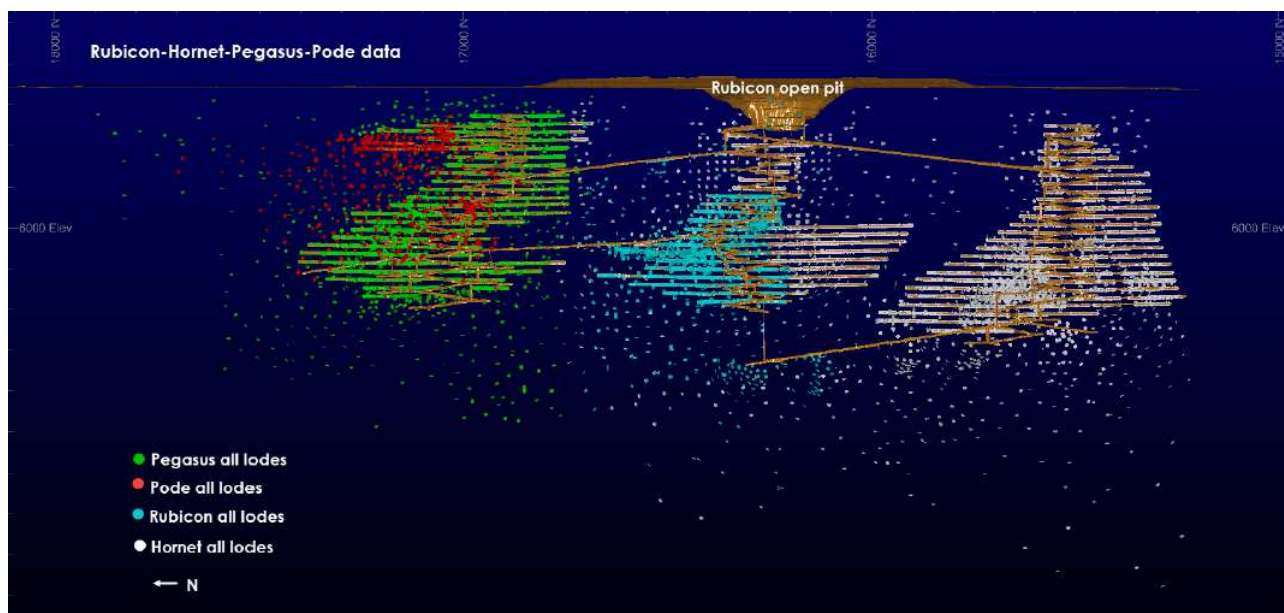
Long Section: Hornet surface Resource area with drill traces



### Long Section of the Raleigh Lode and data used in resource estimation



## Long Section of the Pegasus/Pode, Rubicon and Hornet Lodes and data used in resource estimations



Surface exploration will continue with aircore and diamond drilling of early stage targets east of the Pegasus-Rubicon-Hornet trend. Extensional and infill drilling work will be ongoing at the Pegasus, Rubicon and Hornet deposits in combination with ongoing mining development.

The drilling programme at Raleigh will focus on the promising high-grade shoots plunging to the south and at depth.

### *Seven Mile Hill (Rand's interest 50%)*

An update of the exploration activities at Seven Mile Hill was released to the ASX on 24 January 2018. A new drilling programme is being planned.

### *Tapeta Iron Ore Project, Liberia, West Africa*

On 24 September 2018, Rand let lapse an option to acquire all of the issued share capital in Iron Resources Limited ('IRL'), a wholly owned subsidiary of Resource Capital Ltd ('RCL'), from RCL. IRL is the registered holder of a mineral exploration license over a 599.82km<sup>2</sup> area located in Northern-Central Liberia, West Africa, (Tapeta Iron Ore Project).

### *Mt Celia*

A total of 257 holes for 9,044m of aircore drilling have been completed. These holes were drilled to bedrock testing several broad low order auger geochemical anomalies. The lines were 400m apart and failed to reveal any economic results, casting some doubt over the soil anomalies defined in the surface transported cover and so the ground was relinquished on 11 May 2018.

### **Resources and Reserves**

At 30 June 2018, the EKJV's reported Mineral Resource Estimate (excluding Stockpiles but including other Reserves) is 10.51 million tonnes at 6.1 g/t Au for 2.06 million ounces (details in Table 1) and the EKJV's reported Ore Reserve Estimate (excluding Stockpiles) is 5.23 million tonnes at 6.3 g/t Au for 1.06 million ounces (details in Table 2).

Comparison with the Mineral Resource Statement for the year ended 30 June 2017 shows a decrease of approximately 434,000 ounces representing the following variations:

- No change in gold price from A\$1,750/oz;
- Revised resource estimation methodology from June 2017;
- Revised modifying factors used from June 2017;
- Mining depletion at Rubicon, Hornet, Pegasus and Raleigh;
- Reflects substantial drilling at Rubicon, Pegasus, Hornet, Raleigh South; and
- Maiden resource for Raleigh South.



| Deposit                                                 | Rand's entitlement | 30 June 2018<br>from Table 1 |            |              | 30 June 2017<br>from the Annual Report 2017 |            |              |
|---------------------------------------------------------|--------------------|------------------------------|------------|--------------|---------------------------------------------|------------|--------------|
|                                                         |                    | (kt)                         | Au (g/t)   | Au (koz)     | (kt)                                        | Au (g/t)   | Au (koz)     |
| Raleigh Underground                                     | 12.50%             | 1,242                        | 11.4       | 455          | 714                                         | 11.6       | 266          |
| Drake Underground                                       | 12.25%             | 445                          | 2.7        | 38           | 445                                         | 2.7        | 38           |
| Pegasus Underground                                     | 12.25%             | 3,954                        | 6.7        | 846          | 6,315                                       | 7.1        | 1,434        |
| Rubicon Underground                                     | 12.25%             | 2,160                        | 5.2        | 362          | 1,989                                       | 6.5        | 415          |
| Hornet Underground                                      | 12.25%             | 2,023                        | 4.5        | 293          | 1,877                                       | 4.6        | 276          |
| Hornet Open Pit                                         | 12.25%             | 684                          | 3.0        | 65           | 684                                         | 3.0        | 65           |
| <b>EKJV Mineral Resources</b><br>(excluding Stockpiles) |                    | <b>10,508</b>                | <b>6.1</b> | <b>2,060</b> | <b>12,024</b>                               | <b>6.5</b> | <b>2,494</b> |

Comparison with the Ore Reserve statement for the year ended 30 June 2017 shows an increase of approximately 76,000 ounces representing the following variations:

- Same gold price A\$1,500/oz;
- Mining depletion at Rubicon, Hornet, Pegasus and Raleigh;
- Revised cut-off grades to reflect current operations;
- Increase in Ore Reserves at Raleigh, Hornet and Pegasus following conversion of mine exploration success; and
- Decrease in Ore Reserves at Rubicon including conversion of mine exploration success from changed estimation methodology.

| Deposit                                            | Rand's entitlement | 30 June 2018<br>from Table 2 |            |              | 30 June 2017<br>from the Annual Report 2017 |            |              |
|----------------------------------------------------|--------------------|------------------------------|------------|--------------|---------------------------------------------|------------|--------------|
|                                                    |                    | (kt)                         | Au (g/t)   | Au (koz)     | (kt)                                        | Au (g/t)   | Au (koz)     |
| Raleigh Underground                                | 12.50%             | 796                          | 8.7        | 222          | 684                                         | 8.2        | 180          |
| Pegasus Underground                                | 12.25%             | 3,030                        | 6.6        | 644          | 3,285                                       | 5.7        | 600          |
| Rubicon Underground                                | 12.25%             | 1,545                        | 5.0        | 248          | 1,815                                       | 5.1        | 296          |
| Hornet Underground                                 | 12.25%             | 615                          | 4.7        | 93           | 345                                         | 6.0        | 66           |
| Hornet Open Pit                                    | 12.25%             | 134                          | 5.8        | 25           | 68                                          | 5.8        | 13           |
| <b>EKJV Ore Reserves</b><br>(excluding Stockpiles) |                    | <b>6,120</b>                 | <b>6.3</b> | <b>1,231</b> | <b>6,197</b>                                | <b>5.8</b> | <b>1,155</b> |

#### **Mineral Resource and Ore Reserve Governance and Internal Controls**

The Manager of the EKJV prepares the EKJV Mineral Resources and Ore Reserves on an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Competent Persons named by the EKJV Manager are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined in the JORC Code.

The Company is represented on the EKJV Technical Committee which reviews the Mineral Resource and Ore Reserve estimates and procedures undertaken on no less than a quarterly basis. The Company's Competent Persons and consultants audit internal reviews by the EKJV Manager and external reviews by independent consultants of Mineral Resource and Ore Reserve estimates and procedures. These audits have not identified any material issues.

TABLE 1

| EKJV Mineral Resources including Ore Reserves at 30 June 2018 (subject to rounding errors) |                 |              |            |              |            |              |            |                 |            |              |
|--------------------------------------------------------------------------------------------|-----------------|--------------|------------|--------------|------------|--------------|------------|-----------------|------------|--------------|
|                                                                                            | Entitlement (%) | Measured     |            | Indicated    |            | Inferred     |            | Total Resources |            |              |
|                                                                                            |                 | (kt)         | Au (g/t)   | (kt)         | Au (g/t)   | (kt)         | Au (g/t)   | (kt)            | Au (g/t)   | Au (koz)     |
| Raleigh Underground                                                                        | 12.50%          | 412          | 14.7       | 502          | 10.0       | 328          | 9.4        | 1,242           | 11.4       | 455          |
| Drake Underground                                                                          | 12.25%          | -            | -          | 155          | 3.4        | 290          | 2.3        | 445             | 2.7        | 38           |
| Pegasus Underground                                                                        | 12.25%          | 810          | 6.6        | 2671         | 6.9        | 474          | 5.2        | 3,954           | 6.7        | 846          |
| Rubicon Underground                                                                        | 12.25%          | 683          | 5.7        | 1,253        | 5.2        | 224          | 4.0        | 2,160           | 5.2        | 362          |
| Hornet Underground                                                                         | 12.25%          | 672          | 4.5        | 1,152        | 4.3        | 199          | 5.0        | 2,023           | 4.5        | 293          |
| Hornet Open Pit                                                                            | 12.25%          | -            | -          | 290          | 4.8        | 394          | 1.6        | 684             | 3.0        | 65           |
| <b>EKJV Mineral Resources (excluding Stockpiles)</b>                                       |                 | <b>2,577</b> | <b>7.1</b> | <b>6,023</b> | <b>6.1</b> | <b>1,908</b> | <b>4.7</b> | <b>10,508</b>   | <b>6.1</b> | <b>2,060</b> |
| Raleigh Ore Stockpile                                                                      | 12.50%          | 22           | 5.9        | -            | -          | -            | -          | 22              | 5.9        | 4            |
| Other EKJV Stockpiles                                                                      | 12.25%          | 20           | 2.7        | -            | -          | -            | -          | 20              | 2.7        | 2            |
| Other Stockpiles                                                                           | 12.25%          | 211          | 4.0        | -            | -          | -            | -          | 211             | 4.0        | 27           |
| <b>Total EKJV Mineral Resources</b>                                                        |                 | <b>2,829</b> | <b>6.8</b> | <b>6,023</b> | <b>6.1</b> | <b>1,908</b> | <b>4.7</b> | <b>10,760</b>   | <b>6.0</b> | <b>2,093</b> |
| Rand Mineral Resources including Ore Reserves at 30 June 2018                              |                 |              |            |              |            |              |            |                 |            |              |
| Mineral Resources                                                                          | Entitlement (%) | Measured     |            | Indicated    |            | Inferred     |            | Total Resources |            |              |
|                                                                                            |                 | (kt)         | Au (g/t)   | (kt)         | Au (g/t)   | (kt)         | Au (g/t)   | (kt)            | Au (g/t)   | Au (koz)     |
| <b>Rand</b>                                                                                | <b>100.00%</b>  | <b>348</b>   | <b>6.8</b> | <b>739</b>   | <b>6.1</b> | <b>235</b>   | <b>4.7</b> | <b>1,321</b>    | <b>6.1</b> | <b>258</b>   |



TABLE 2

**EKJV Ore Reserves at 30 June 2018 (subject to rounding errors)**

|                                                         | Entitlement<br>(%) | Proved<br>(kt) | Au (g/t)   | Probable<br>(kt) | Au (g/t)   | Proved + Probable<br>(kt) | Au (g/t)   | Au (koz)     |
|---------------------------------------------------------|--------------------|----------------|------------|------------------|------------|---------------------------|------------|--------------|
| Raleigh Underground                                     | 12.50%             | 413            | 10.2       | 383              | 7.0        | 796                       | 8.7        | 222          |
| Drake Underground                                       | 12.25%             | -              | -          | -                | -          | -                         | -          | -            |
| Pegasus Underground                                     | 12.25%             | 620            | 6.8        | 2,410            | 6.5        | 3,030                     | 6.6        | 644          |
| Rubicon Underground                                     | 12.25%             | 503            | 6.2        | 1,042            | 4.4        | 1,545                     | 5.0        | 248          |
| Hornet Underground                                      | 12.25%             | 274            | 5.3        | 340              | 4.2        | 615                       | 4.7        | 93           |
| Hornet Open Pit                                         | 12.25%             | -              | -          | 134              | 5.8        | 134                       | 5.8        | 25           |
| <b>EKJV Mineral Resources</b><br>(excluding Stockpiles) |                    | <b>1,811</b>   | <b>7.3</b> | <b>4,309</b>     | <b>5.8</b> | <b>6,120</b>              | <b>6.3</b> | <b>1,231</b> |
| Raleigh Ore Stockpile                                   | 12.50%             | 22             | 5.9        | -                | -          | 22                        | 5.9        | 4            |
| Other EKJV Stockpiles                                   | 12.25%             | 20             | 2.7        | -                | -          | 20                        | 2.7        | 2            |
| Other Stockpiles                                        | 12.25%             | 211            | 4.0        | -                | -          | 211                       | 4.0        | 27           |
| <b>Total EKJV Mineral Resources</b>                     |                    | <b>2,063</b>   | <b>6.8</b> | <b>4,309</b>     | <b>5.8</b> | <b>6,373</b>              | <b>6.2</b> | <b>1,264</b> |

|              | <b>Rand Ore Reserves at 30 June 2018</b> |                |            |                  |            |                           |            |            |
|--------------|------------------------------------------|----------------|------------|------------------|------------|---------------------------|------------|------------|
| Ore Reserves | Entitlement<br>(%)                       | Proved<br>(kt) | Au (g/t)   | Probable<br>(kt) | Au (g/t)   | Proved + Probable<br>(kt) | Au (g/t)   | Au (koz)   |
| <b>Rand</b>  | <b>100.00%</b>                           | <b>254</b>     | <b>6.8</b> | <b>529</b>       | <b>5.9</b> | <b>783</b>                | <b>6.2</b> | <b>155</b> |

Notes to tables:

- The gold price used for the Resource calculations was AUD\$1,750/oz.
- The gold price used for the Reserve calculations was AUD\$1,500/oz.
- These tables are based on the NST Memorandum, EKJV Summary Resource and Reserve Report – 30 June 2018, lodged by RND with ASX on 6 September 2018 except for the stockpiles.
- The stockpiles are based on the RND Quarterly Report for June 2018, lodged by RND with ASX on 31 July 2018.
- Raleigh Ore mined from M15/993 is subject to an Ore Division Agreement whereby the Raleigh Ore is divided equally between Gilt Edge Mining Pty Ltd and the R&T Group.

### **Competent Person Statements**

The information in the Company's 2018 Annual Report that relates to Mineral Resource and Ore Reserve estimates for the Company's EKJV Project Areas is based on information and supporting documentation prepared by the Competent Persons referred to in the ASX announcement detailed in the footnotes to the Minerals Resources and Ore Reserves Tables (Tables) and fairly represents that information.

The Mineral Resources and Ore Reserves statement as a whole, as well as the information provided by the Competent Persons referred to in the ASX announcement detailed in the footnotes to the Tables, has been approved by Dr John Andrews, a full-time employee of the Company. Dr Andrews is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Andrews consents to the inclusion in the Company's 2018 Annual Report announcement of the matters based on this information in the form and context in which it appears.

### **Significant changes in the state of affairs**

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

### **Matters subsequent to the end of the financial year**

As discussed above, a dividend of 10 cents per ordinary share, fully franked based on a tax rate of 30%, was disclosed to the ASX on 22 August 2018, and paid to shareholders on 14 September 2018.

A special dividend of \$1.25 per ordinary share, fully franked based on a tax rate of 30%, by controlled entity, Rand Mining Limited, was disclosed to the ASX on 20 September 2018 and will be paid to Rand shareholders on 12 October 2018.

The Company is the holder of a 26.32% shareholding interest in Tribune Resources Limited. Tribune is currently the subject of a Takeovers Panel hearing.

The Panel announced on 17 September 2018 that it considers that the market is not informed in relation to persons who have a relevant interest in certain Tribune shares, that certain tracing notice responses in relation to Tribune contains material that is false, and that there have been numerous contraventions of the substantial shareholding provisions in relation to Tribune shares. The Panel also announced that there may have been contraventions of the takeovers provisions in relation to Tribune but did not reach any conclusions.

The Panel has made a declaration of unacceptable circumstances in relation to Tribune. The Panel is considering what final orders it will make and will publish details in due course.

On 24 September 2018, the Company's option and access agreement relating to Rand Mining Limited's option to acquire Iron Resources Limited from Resources Capital Limited dated 23 September 2011, and subsequently extended, has now expired and is no longer in effect.

Subsequent to the year end, the Group have sold the majority of the gold inventory that the Group held with the proceeds used to cover working capital and the dividends that have been paid and declared to shareholders.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### **Likely developments and expected results of operations**

The Group intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

### **Environmental regulation**

The Group is subject to and compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

### **Greenhouse gas and energy data reporting requirements**

The Group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.



The Energy Efficiency Opportunities Act 2006 requires the Group to assess its energy usages, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. Due to this Act, the Group, via its participation in the East Kundana Joint Venture ('EKJV') has registered with the Department of Resources, Energy and Tourism as a participant entity and reports the results from its assessments.

The National Greenhouse and Energy Reporting Act 2007 require the Group, via its participation in the EKJV, to report its annual greenhouse gas emissions and energy use. The Group has previously implemented systems and processes for the collection and calculation of data.

#### **Information on directors**

**Name:** Otakar Demis  
**Title:** Executive Chairman and Joint Company Secretary  
**Experience and expertise:** Otakar is a private investor and businessman with several years' experience as a director of the Company.  
**Other current directorships:** Executive Chairman and Company Secretary of Tribune Resources Limited (ASX: TBR)  
**Former directorships (last 3 years):** None  
**Interests in shares:** 4,800 ordinary shares held directly

**Name:** Anthony Billis  
**Title:** Executive Director, Managing Director and Chief Executive Officer  
**Experience and expertise:** Anthony has over 30 years' experience in gold exploration within the mining industry in Western Australia. He has been involved in the exploration and development of the Kundana project for over 25 years.  
**Other current directorships:** Executive Director of Tribune Resources Limited (ASX: TBR)  
**Former directorships (last 3 years):** None  
**Interests in shares:** 15,237,384 ordinary shares (41,547 held directly and held 15,195,837 indirectly)

**Name:** Gordon Sklenka  
**Title:** Non-Executive Director  
**Qualifications:** B.Comm  
**Experience and expertise:** Gordon has worked in Chartered Accounting, Stockbroking and Corporate Advisory in both Perth and Sydney and has experience in corporate finance in the resources and technology industries predominantly focusing on capital raisings, initial public offerings ('IPOs'), acquisitions and project finance.  
**Other current directorships:** Non-Executive Director of Tribune Resources Limited (ASX: TBR)  
**Former directorships (last 3 years):** None  
**Interests in shares:** None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

#### **Company secretaries**

Roland Berzins (B.Comm, ACPA, FFIN, TA) as joint company secretary has over 20 years' experience in the mining industry. He was previously chief accountant for 6 years at Kalgoorlie Consolidated Gold Mines Pty Ltd ('Kalgoorlie Super Pit'). In addition, Roland has worked as a Senior Mining Analyst for the former BHP iron ore division and has worked for the Mt Newman, Koolan and Cockatoo iron ore project. Since 1996 Roland has been company secretary for a variety of ASX listed companies, and has also had experience in retail, merchant banking, venture capital and SME business advisory.

Details of Mr Otakar Demis as joint company secretary can be found in the 'Information of directors' section above.

#### **Meetings of directors**

There were no meetings of directors held during the year ended 30 June 2018.

### **Remuneration report (audited)**

The remuneration report, which has been audited, outlines the director and key management personnel remuneration arrangements for the Group and the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### ***Principles used to determine the nature and amount of remuneration***

The objective of the Group and Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group and Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group and Company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive directors remuneration are separate.

### ***Non-executive directors remuneration***

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may seek the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market (refer 'use of remuneration consultants' below). There are no termination or retirement benefits for non-executive directors other than statutory superannuation.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 November 2005, where the shareholders approved an aggregate remuneration of \$160,000.

#### *Executive remuneration*

The Group and Company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and adds additional value for the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') currently consists of long service leave.

#### *Group performance and link to remuneration*

The directors' remuneration levels are not directly dependent upon the Group and Company's performance or any other performance conditions. However, practically, whether shareholders vote for or against an increase in the aggregate director remuneration will depend upon, amongst other things, how the Group and Company have performed.

#### *Use of remuneration consultants*

During the financial year ended 30 June 2018, the Company did not engage remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI program.

#### *Voting and comments made at the Company's 2017 Annual General Meeting ('AGM')*

At the last AGM 95.09% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

#### *Details of remuneration*

The key management personnel of the Group consisted of the directors of Rand Mining Limited and the following persons:

- Roland Berzins - Joint Company Secretary
- John Andrews - Manager of Kalgoorlie Operations

#### *Amounts of remuneration*

Details of the remuneration of key management personnel of the Group are set out in the following tables.

|                                        | Short-term benefits        |               |                     | Post-employment benefits | Long-term benefits   | Share-based payments |                |
|----------------------------------------|----------------------------|---------------|---------------------|--------------------------|----------------------|----------------------|----------------|
|                                        | Cash salary and fees<br>\$ | Bonus<br>\$   | Non-monetary*<br>\$ | Super-annuation<br>\$    | Leave benefits<br>\$ | Equity-settled<br>\$ | Total<br>\$    |
| <b>2018</b>                            |                            |               |                     |                          |                      |                      |                |
| <i>Non-Executive Directors:</i>        |                            |               |                     |                          |                      |                      |                |
| G Sklenka                              | 30,000                     | -             | -                   | -                        | -                    | -                    | 30,000         |
| <i>Executive Directors:</i>            |                            |               |                     |                          |                      |                      |                |
| O Demis                                | 40,000                     | -             | -                   | 3,800                    | -                    | -                    | 43,800         |
| A Billis                               | 129,434                    | 9,433         | 76,406              | 12,510                   | -                    | -                    | 227,783        |
| <i>Other Key Management Personnel:</i> |                            |               |                     |                          |                      |                      |                |
| R Berzins                              | 60,000                     | -             | -                   | -                        | -                    | -                    | 60,000         |
| J Andrews                              | 111,590                    | 9,433         | -                   | 12,509                   | -                    | -                    | 133,532        |
|                                        | <u>371,024</u>             | <u>18,866</u> | <u>76,406</u>       | <u>28,819</u>            | <u>-</u>             | <u>-</u>             | <u>495,115</u> |

\* Includes car and housing plus applicable fringe benefits tax payable on benefits

|                                        | Short-term benefits        |             |                     | Post-employment benefits | Long-term benefits   | Share-based payments |                |
|----------------------------------------|----------------------------|-------------|---------------------|--------------------------|----------------------|----------------------|----------------|
|                                        | Cash salary and fees<br>\$ | Bonus<br>\$ | Non-monetary*<br>\$ | Super-annuation<br>\$    | Leave benefits<br>\$ | Equity-settled<br>\$ | Total<br>\$    |
| <b>2017</b>                            |                            |             |                     |                          |                      |                      |                |
| <i>Non-Executive Directors:</i>        |                            |             |                     |                          |                      |                      |                |
| G Sklenka                              | 30,000                     | -           | -                   | -                        | -                    | -                    | 30,000         |
| <i>Executive Directors:</i>            |                            |             |                     |                          |                      |                      |                |
| O Demis                                | 40,000                     | -           | -                   | 3,800                    | -                    | -                    | 43,800         |
| A Billis                               | 92,975                     | -           | -                   | 17,500                   | 95,699               | -                    | 206,174        |
| <i>Other Key Management Personnel:</i> |                            |             |                     |                          |                      |                      |                |
| R Berzins                              | 60,000                     | -           | -                   | -                        | -                    | -                    | 60,000         |
| J Andrews                              | 88,750                     | -           | -                   | 17,500                   | -                    | -                    | 106,250        |
|                                        | <u>311,725</u>             | <u>-</u>    | <u>-</u>            | <u>38,800</u>            | <u>95,699</u>        | <u>-</u>             | <u>446,224</u> |

\* Includes car and housing plus applicable fringe benefits tax payable on benefits

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name                                   | Fixed remuneration |      | STI  |      | LTI  |      |
|----------------------------------------|--------------------|------|------|------|------|------|
|                                        | 2018               | 2017 | 2018 | 2017 | 2018 | 2017 |
| <i>Non-Executive Directors:</i>        |                    |      |      |      |      |      |
| G Sklenka                              | 100%               | 100% | -    | -    | -    | -    |
| <i>Executive Directors:</i>            |                    |      |      |      |      |      |
| O Demis                                | 100%               | 100% | -    | -    | -    | -    |
| A Billis                               | 100%               | 100% | -    | -    | -    | -    |
| <i>Other Key Management Personnel:</i> |                    |      |      |      |      |      |
| R Berzins                              | 100%               | 100% | -    | -    | -    | -    |
| J Andrews                              | 100%               | 100% | -    | -    | -    | -    |

### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

|                    |                                                                                                                                                                                                                                                                                                                 |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:              | Otakar Demis                                                                                                                                                                                                                                                                                                    |
| Title:             | Executive Chairman and Joint Company Secretary                                                                                                                                                                                                                                                                  |
| Term of agreement: | Ongoing subject to re-election at Annual General Meetings every 2 years                                                                                                                                                                                                                                         |
| Details:           | Base salary, inclusive of superannuation, for the year ended 30 June 2018 of \$43,800.                                                                                                                                                                                                                          |
| Name:              | Anthony Billis                                                                                                                                                                                                                                                                                                  |
| Title:             | Executive Director, Managing Director and Chief Executive Officer                                                                                                                                                                                                                                               |
| Term of agreement: | Ongoing                                                                                                                                                                                                                                                                                                         |
| Details:           | Base salary, inclusive of superannuation and fringe benefits, for the year ended 30 June 2018 of \$165,000 to be reviewed annually by the Board. During the year the Board approved additional payments of \$41,934 relating to accrued annual leave, \$9,433 bonus and \$11,406 in additional fringe benefits. |
| Name:              | Roland Berzins                                                                                                                                                                                                                                                                                                  |
| Title:             | Joint Company Secretary                                                                                                                                                                                                                                                                                         |
| Term of agreement: | Ongoing                                                                                                                                                                                                                                                                                                         |
| Details:           | Base fees, for the year ended 30 June 2018 of \$60,000.                                                                                                                                                                                                                                                         |
| Name:              | John Andrews                                                                                                                                                                                                                                                                                                    |
| Title:             | Manager of Kalgoorlie Operations                                                                                                                                                                                                                                                                                |
| Term of agreement: | Ongoing                                                                                                                                                                                                                                                                                                         |
| Details:           | Base salary, inclusive of superannuation for the year ended 30 June 2018 of \$100,000 plus motor vehicle benefit through the use of a pooled company car. Mr Andrews was also paid an additional \$24,090 in relation to accrued annual leave and a \$9,433 bonus as approved by the Board of Directors.        |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### **Share-based compensation**

#### **Issue of shares**

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

### **Additional information**

The earnings of the Group for the five years to 30 June 2018 are summarised below:

|                         | 2018<br>\$ | 2017<br>\$ | 2016<br>\$ | 2015<br>\$ | 2014<br>\$ |
|-------------------------|------------|------------|------------|------------|------------|
| Sales revenue           | 44,791,500 | 34,785,950 | 32,090,300 | 24,313,606 | 28,627,023 |
| EBITDA                  | 34,621,689 | 27,814,537 | 26,361,814 | 17,269,293 | 8,372,645  |
| EBIT                    | 30,767,118 | 24,044,268 | 22,404,640 | 10,857,428 | 5,455,111  |
| Profit after income tax | 22,103,235 | 16,521,417 | 15,287,209 | 7,302,215  | 2,940,224  |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

|                                              | 2018  | 2017  | 2016  | 2015    | 2014 |
|----------------------------------------------|-------|-------|-------|---------|------|
| Share price at financial year end (\$)       | 2.70  | 3.00  | 2.20  | 2.00    | 0.56 |
| Total dividends declared (cents per share)   | -     | 10.00 | -     | -       | -    |
| Basic earnings per share (cents per share)   | 36.75 | 27.47 | 25.42 | 12.04   | 4.83 |
| Diluted earnings per share (cents per share) | 36.75 | 27.47 | 25.42 | 12.04   | 4.83 |
| Share buy-back (\$)                          | -     | -     | -     | 879,241 | -    |

### **Additional disclosures relating to key management personnel**

#### **Shareholding**

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

|                        | Balance at<br>the start of<br>the year | Received<br>as part of<br>remuneration | Additions | Disposals/<br>other | Balance at<br>the end of<br>the year |
|------------------------|----------------------------------------|----------------------------------------|-----------|---------------------|--------------------------------------|
| <i>Ordinary shares</i> |                                        |                                        |           |                     |                                      |
| O Demis                | 4,800                                  | -                                      | -         | -                   | 4,800                                |
| A Billis               | 13,137,384                             | -                                      | -         | 2,100,000           | 15,237,384                           |
|                        | <u>13,142,184</u>                      | <u>-</u>                               | <u>-</u>  | <u>2,100,000</u>    | <u>15,242,184</u>                    |

#### **Loans to key management personnel and their related parties**

There were no loans to or from key management personnel and their related parties at the current reporting date.

#### **Other transactions with key management personnel and their related parties**

The following transactions occurred with key management personnel and their related parties:

|                                                                              | <b>Consolidated<br/>2018<br/>\$</b> |
|------------------------------------------------------------------------------|-------------------------------------|
| Payment for other expenses:                                                  |                                     |
| Payment of royalties to Lake Grace Exploration Pty Ltd *                     | 24,425                              |
| Payment for executive accommodation fees to Lake Grace Exploration Pty Ltd * | 27,000                              |
| Option fees paid to Resource Capital Limited *                               | 6,416                               |
| Payment of rent, rates and levies for office to Melville Parade Pty Ltd **   | 74,453                              |
| Amounts advanced and repaid during the financial year:                       |                                     |
| Cash advances from/to Tribune Resources Ltd ***                              | 950,000                             |

\* An entity in which Anthony Billis is a director.

\*\* An entity in which Anthony Billis and Roland Berzins are directors.

\*\*\* An entity in which Anthony Billis, Gordon Sklenka and Otakar Demis are directors.

***This concludes the remuneration report, which has been audited.***



### **Indemnity and insurance of officers**

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against liabilities that may arise from an officers' position with the exception of insolvency, conduct involving a wilful breach in relation to the Company, or a contravention of section 182 or 183 of the Corporations Act 2001, an entity that is involved in any joint venture or, partnership or enterprise carried on in common with the Company, outside directorships, any outside entity or non-profit outside entity or any vehicle or entity established to conduct such joint venture partnership or enterprise. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

### **Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### **Proceedings on behalf of the Company**

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

### **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 33 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity 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 issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### **Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd**

There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

### **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 immediately after this directors' report.

**Auditor**

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Anthony Billis  
Director

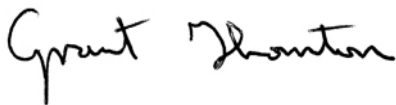
27 September 2018  
Perth

## Auditor's Independence Declaration

### To the Directors of Rand Mining Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Rand Mining Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 27 September 2018

**Rand Mining Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2018**



|                                                                                                       | <b>Note</b> | <b>Consolidated<br/>2018<br/>\$</b> | <b>2017<br/>\$</b> |
|-------------------------------------------------------------------------------------------------------|-------------|-------------------------------------|--------------------|
| <b>Revenue</b>                                                                                        | 5           | 44,807,404                          | 34,813,003         |
| Share of profits of associates accounted for using the equity method                                  | 6           | 11,568,700                          | 8,765,189          |
| Other income                                                                                          | 7           | 37,568                              | 109,980            |
| Gain on revaluation of equity instruments at fair value through profit or loss                        | 15          | 228,951                             | -                  |
| <b>Expenses</b>                                                                                       |             |                                     |                    |
| Changes in inventories                                                                                |             | 3,484,491                           | 6,964,208          |
| Employee benefits expense                                                                             |             | (640,237)                           | (664,106)          |
| Management fees                                                                                       |             | (480,141)                           | (475,214)          |
| Depreciation and amortisation expense                                                                 | 8           | (3,854,571)                         | (3,770,269)        |
| Impairment of assets                                                                                  | 14          | -                                   | (51,458)           |
| Impairment of exploration and evaluation                                                              | 17          | (1,107,397)                         | (1,160,162)        |
| Mining expenses                                                                                       |             | (16,334,247)                        | (13,519,730)       |
| Processing expenses                                                                                   |             | (4,598,009)                         | (5,039,017)        |
| Royalty expenses                                                                                      |             | (1,031,103)                         | (1,171,828)        |
| Foreign currency losses                                                                               |             | (15,950)                            | (16,153)           |
| Other expenses                                                                                        |             | (1,314,245)                         | (713,122)          |
| Finance costs                                                                                         | 8           | (53,802)                            | (32,659)           |
| <b>Profit before income tax expense</b>                                                               |             | 30,697,412                          | 24,038,662         |
| Income tax expense                                                                                    | 9           | (8,594,177)                         | (7,517,245)        |
| <b>Profit after income tax expense for the year attributable to the owners of Rand Mining Limited</b> |             | 22,103,235                          | 16,521,417         |
| <b>Other comprehensive income</b>                                                                     |             |                                     |                    |
| <i>Items that will not be reclassified subsequently to profit or loss</i>                             |             |                                     |                    |
| Share of other comprehensive income from associate                                                    |             | (476,941)                           | 132,206            |
| Tax on revaluation adjustment in associate                                                            |             | 54,782                              | (39,662)           |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                  |             |                                     |                    |
| Available-for-sale financial assets - current year revaluation loss                                   |             | -                                   | (191,521)          |
| Other comprehensive income for the year, net of tax                                                   |             | (422,159)                           | (98,977)           |
| <b>Total comprehensive income for the year attributable to the owners of Rand Mining Limited</b>      |             | <u>21,681,076</u>                   | <u>16,422,440</u>  |
|                                                                                                       |             | <b>Cents</b>                        | <b>Cents</b>       |
| Basic earnings per share                                                                              | 42          | 36.75                               | 27.47              |
| Diluted earnings per share                                                                            | 42          | 36.75                               | 27.47              |

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

|                                                       | Note | Consolidated<br>2018<br>\$ | 2017<br>\$         |
|-------------------------------------------------------|------|----------------------------|--------------------|
| <b>Assets</b>                                         |      |                            |                    |
| <b>Current assets</b>                                 |      |                            |                    |
| Cash and cash equivalents                             | 10   | 2,364,146                  | 3,984,339          |
| Trade and other receivables                           | 11   | 494,423                    | 405,315            |
| Inventories                                           | 12   | 44,757,518                 | 41,269,709         |
| Income tax refund due                                 |      | 595,877                    | -                  |
| Prepayments                                           |      | 6,586                      | -                  |
| Total current assets                                  |      | <u>48,218,550</u>          | <u>45,659,363</u>  |
| <b>Non-current assets</b>                             |      |                            |                    |
| Investments accounted for using the equity method     | 13   | 48,416,390                 | 39,956,735         |
| Available-for-sale financial assets                   | 14   | -                          | 267,188            |
| Financial assets at fair value through profit or loss | 15   | 1,046,139                  | -                  |
| Property, plant and equipment                         | 16   | 10,634,254                 | 7,259,836          |
| Exploration and evaluation                            | 17   | 1,041,874                  | 754,378            |
| Mine development                                      | 18   | 9,442,475                  | 6,358,938          |
| Deferred tax                                          | 19   | 2,010,551                  | 1,461,492          |
| Total non-current assets                              |      | <u>72,591,683</u>          | <u>56,058,567</u>  |
| <b>Total assets</b>                                   |      | <u>120,810,233</u>         | <u>101,717,930</u> |
| <b>Liabilities</b>                                    |      |                            |                    |
| <b>Current liabilities</b>                            |      |                            |                    |
| Trade and other payables                              | 20   | 5,106,161                  | 5,645,184          |
| Borrowings                                            | 21   | 748,948                    | 347,190            |
| Income tax                                            | 22   | -                          | 231,295            |
| Provisions                                            | 23   | 4,198                      | 6,068,816          |
| Total current liabilities                             |      | <u>5,859,307</u>           | <u>12,292,485</u>  |
| <b>Non-current liabilities</b>                        |      |                            |                    |
| Borrowings                                            | 24   | 822,854                    | 82,239             |
| Deferred tax                                          | 25   | 13,554,505                 | 10,457,725         |
| Provisions                                            | 26   | 244,103                    | 237,093            |
| Total non-current liabilities                         |      | <u>14,621,462</u>          | <u>10,777,057</u>  |
| <b>Total liabilities</b>                              |      | <u>20,480,769</u>          | <u>23,069,542</u>  |
| <b>Net assets</b>                                     |      | <u>100,329,464</u>         | <u>78,648,388</u>  |
| <b>Equity</b>                                         |      |                            |                    |
| Issued capital                                        | 27   | 16,694,186                 | 16,694,186         |
| Reserves                                              | 28   | 580,614                    | 1,126,405          |
| Retained profits                                      |      | <u>83,054,664</u>          | <u>60,827,797</u>  |
| <b>Total equity</b>                                   |      | <u>100,329,464</u>         | <u>78,648,388</u>  |

The above statement of financial position should be read in conjunction with the accompanying notes

**Rand Mining Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2018**



| <b>Consolidated</b>                                                       | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Retained<br/>profits<br/>\$</b> | <b>Total equity<br/>\$</b> |
|---------------------------------------------------------------------------|----------------------------------|------------------------|------------------------------------|----------------------------|
| Balance at 1 July 2016                                                    | 16,694,186                       | 1,225,382              | 50,321,228                         | 68,240,796                 |
| Profit after income tax expense for the year                              | -                                | -                      | 16,521,417                         | 16,521,417                 |
| Other comprehensive income for the year, net of tax                       | -                                | (98,977)               | -                                  | (98,977)                   |
| Total comprehensive income for the year                                   | -                                | (98,977)               | 16,521,417                         | 16,422,440                 |
| <i>Transactions with owners in their capacity as owners:</i>              |                                  |                        |                                    |                            |
| Dividends paid (note 29)                                                  | -                                | -                      | (6,014,848)                        | (6,014,848)                |
| Balance at 30 June 2017                                                   | <u>16,694,186</u>                | <u>1,126,405</u>       | <u>60,827,797</u>                  | <u>78,648,388</u>          |
| <b>Consolidated</b>                                                       | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Retained<br/>profits<br/>\$</b> | <b>Total equity<br/>\$</b> |
| Balance at 1 July 2017                                                    | 16,694,186                       | 1,126,405              | 60,827,797                         | 78,648,388                 |
| Profit after income tax expense for the year                              | -                                | -                      | 22,103,235                         | 22,103,235                 |
| Other comprehensive income for the year, net of tax                       | -                                | (422,159)              | -                                  | (422,159)                  |
| Total comprehensive income for the year                                   | -                                | (422,159)              | 22,103,235                         | 21,681,076                 |
| <i>Transactions with owners in their capacity as owners:</i>              |                                  |                        |                                    |                            |
| Transfers to retained earnings on early-adoption of AASB 9 (refer note 2) | -                                | (123,632)              | 123,632                            | -                          |
| Balance at 30 June 2018                                                   | <u>16,694,186</u>                | <u>580,614</u>         | <u>83,054,664</u>                  | <u>100,329,464</u>         |

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



|                                                                  | <b>Note</b> | <b>Consolidated<br/>2018<br/>\$</b> | <b>2017<br/>\$</b> |
|------------------------------------------------------------------|-------------|-------------------------------------|--------------------|
| <b>Cash flows from operating activities</b>                      |             |                                     |                    |
| Receipts from customers (inclusive of GST)                       |             | 44,791,500                          | 34,786,483         |
| Payments to suppliers and employees (inclusive of GST)           |             | (25,155,907)                        | (19,482,613)       |
|                                                                  |             | 19,635,593                          | 15,303,870         |
| Interest received                                                |             | 15,904                              | 27,053             |
| Interest and other finance costs paid                            |             | (53,802)                            | (32,659)           |
| Income taxes paid                                                |             | (6,818,846)                         | (5,868,824)        |
| Net cash from operating activities                               | 39          | 12,778,849                          | 9,429,440          |
| <b>Cash flows from investing activities</b>                      |             |                                     |                    |
| Payments for investments                                         | 15          | (550,000)                           | -                  |
| Payments for property, plant and equipment                       |             | (3,043,542)                         | (2,308,803)        |
| Payments for exploration and evaluation                          |             | (1,310,967)                         | (1,634,543)        |
| Payments for mine development                                    |             | (5,454,410)                         | (4,933,249)        |
| Proceeds from disposal of property, plant and equipment          |             | 14,823                              | 30,734             |
| Net cash used in investing activities                            |             | (10,344,096)                        | (8,845,861)        |
| <b>Cash flows from financing activities</b>                      |             |                                     |                    |
| Repayment of borrowings                                          |             | (672,202)                           | (350,770)          |
| Repayment of cash advances to Tribune Resources Limited          |             | (950,000)                           | (2,270,000)        |
| Cash advances from Tribune Resources Limited                     |             | 950,000                             | 2,270,000          |
| Dividends received                                               |             | 2,632,104                           | -                  |
| Dividends paid                                                   | 29          | (6,014,848)                         | -                  |
| Net cash used in financing activities                            |             | (4,054,946)                         | (350,770)          |
| Net increase/(decrease) in cash and cash equivalents             |             | (1,620,193)                         | 232,809            |
| Cash and cash equivalents at the beginning of the financial year |             | 3,984,339                           | 3,751,530          |
| Cash and cash equivalents at the end of the financial year       | 10          | 2,364,146                           | 3,984,339          |

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

## **Note 1. General information**

The financial statements cover Rand Mining Limited as a Group consisting of Rand Mining Limited ('Company', 'parent entity' or 'Rand') and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Rand Mining Limited's functional and presentation currency.

Rand Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite G1, 49 Melville Parade  
South Perth WA 6151

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2018. The directors have the power to amend and reissue the financial statements.

## **Note 2. Significant accounting policies**

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

### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year ended 30 June 2018.

Except for AASB 9 'Financial Instruments', any new or amended Australian Accounting Standards and Interpretations that are issued, but not yet effective, have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

#### ***AASB 9 Financial Instruments***

The Group has early adopted AASB 9 from 1 July 2017. The adoption of AASB 9 has resulted in changes to the Group's accounting policies as follows:

AASB 9 sets out the requirements to recognise and measure financial assets and financial liabilities. This standard replaces AASB 139 'Financial Instruments: Recognition and Measurement'. On transition to AASB 9 the available-for-sale reserve was transferred to retained earnings. In accordance with the transitional provision in AASB 9 (7.2.15), comparative amounts have not been restated. The details of this new significant accounting policy is set out below.

#### ***Financial assets***

Under AASB 9, on initial recognition, a financial asset is classified at amortised cost or fair value through profit or loss ('FVTPL'). The classification under AASB 9 is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A financial asset is measured at amortised cost only if: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest, and is not designated as at FVTPL.

All financial assets not measured at amortised cost as described above are measured at FVTPL. This includes all derivative assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting misstatement that would otherwise arise.

## **Note 2. Significant accounting policies (continued)**

The following accounting policies apply to the subsequent measurement of financial assets.

|                                    |                                                                                                                                                                                        |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at FVTPL          | These assets are subsequently measured at fair value. Net gains or losses, including interest or dividend income are recognised in profit or loss.                                     |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see impairment of financial assets). |

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The following table and accompanying notes below explain the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each major class of the Group's financial assets as at 1 July 2017.

| Financial assets            | Classification        | New classification                | Change in carrying amount                                                                                                                                                                                                                      |
|-----------------------------|-----------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trade and other receivables | Loans and receivables | Amortised cost                    | There was no impact on the carrying amount from the transition to AASB 9                                                                                                                                                                       |
| Cash and cash equivalents   | Loans and receivables | Amortised cost                    | There was no impact on the carrying amount from the transition to AASB 9                                                                                                                                                                       |
| Listed securities           | Available-for-sale    | Fair value through profit or loss | There was no impact on the carrying amount from the transition to AASB 9 however, \$267,188 of investments were reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss on 1 July 2017. |

### ***Impairment of financial assets***

The AASB 9 impairment model is based on an expected credit loss ('ECL') methodology instead of the incurred loss methodology of AASB 139.

### ***Impairment of receivables***

The Group has elected to measure loss allowances on trade receivables using a life-time expected loss model. The Group has also used the practical expedient of a provisions matrix using a single loss rate approach to approximate the expected credit losses. These provisions are considered representative across all business and geographic segments of the Group based on historical credit loss experience over the past five years.

The Group has determined that the application of AASB 9's impairment requirement at 1 July 2017 did not result in a material change to the impairment allowance.

### ***Basis of preparation***

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### ***Historical cost convention***

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through profit or loss (2017: revaluation of available-for-sale financial assets).

## **Note 2. Significant accounting policies (continued)**

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 37.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rand Mining Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those 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 de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Sale of gold*

Sale of gold revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## **Note 2. Significant accounting policies (continued)**

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Cash and cash equivalents**

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.

### **Trade and other receivables**

#### ***Year ended 30 June 2018 accounting policy***

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### ***Year ended 30 June 2017 accounting policy***

Other receivables are recognised at amortised cost, less any provision for impairment.

## Note 2. Significant accounting policies (continued)

### Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

- gold on hand is valued on an average total production cost method;
- ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage; and
- a proportion of related depreciation and amortisation charge is included in the cost of inventory.

### Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

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

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

### Investments and other financial assets

#### *Year ended 30 June 2018 accounting policy*

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.



## **Note 2. Significant accounting policies (continued)**

### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### *Year ended 30 June 2017 accounting policy*

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

### *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

### **Assets held at fair value through profit and loss ('FVTPL')**

Listed shares held by the Group that are traded in an active market are measured at (FVTPL).

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. Gains and losses arising from changes in fair value are recognised in profit and loss. Dividends are recognised in profit or loss when the Group's right to receive the dividends is established.

### **Property, plant and equipment**

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



## **Note 2. Significant accounting policies (continued)**

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

|                            |          |
|----------------------------|----------|
| Mining plant and equipment | 10 years |
|----------------------------|----------|

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Mining plant and equipment and capital work in progress**

Mining plant and equipment and capital work in progress is carried at cost which includes acquisition, transportation, installation, and commissioning costs. Costs also include present value of decommissioning costs and finance charges capitalised during the construction period where such expenditure is financed by borrowings. Costs are not depreciated until such time as the asset has been completed ready for use.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

### **Leases**

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

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

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are 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.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### **Exploration and evaluation**

Exploration and evaluation expenditures are typically expenses, unless it can be demonstrated that the related expenditures will generate a future economic benefit, in which case these costs are capitalised.

#### *Examples of common exploration and evaluation activities*

Exploration activities which primarily consist of expenditures relating to drilling programs and include, but are not limited to:

- Researching and analysing existing exploration data;
- Conducting geological mapping studies; and
- Exploratory drilling and sampling including:
  - Taking core samples for analysis (assay work);
  - Sinking exploratory shafts;
  - Opening shallow pits; and
  - Drilling to determine volume and grade of deposits in an area known to contain mineral resources, or for the purpose of converting mineral resources into proven and probable reserves.

## **Note 2. Significant accounting policies (continued)**

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount the asset exceeds its recoverable amount. Where the carrying amount is assessed as exceeding recoverable amount, the excess is recognised as an impairment expense in the profit or loss.

### **Mine development assets**

Capitalised mine development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mine development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mine development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

### **Finance costs**

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

### **Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## Note 2. Significant accounting policies (continued)

### Employee benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### Fair value measurement

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

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

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

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

## Note 2. Significant accounting policies (continued)

### Earnings per share

#### *Basic earnings per share*

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

#### *Diluted earnings per share*

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

### Goods and Services Tax ('GST') and other similar taxes

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Except for AASB 9 as noted above, other Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

#### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The Group will adopt this standard from 1 July 2018. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

## Note 2. Significant accounting policies (continued)

### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Group will adopt this standard from 1 July 2019. Information on the undiscounted amount of the Group's operating lease commitments under AASB 117, the current leasing standard, is disclosed in note 35. The Group is considering the available options for transition. To date, work has focused on the identification of the provisions of the standard which will most impact the Group and the next phase is a detailed review of the contracts and the financial reporting impact of AASB 16.

### *IASB revised Conceptual Framework for Financial Reporting*

The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

### *Other standards and interpretations*

The directors have also reviewed all other new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### Note 3. Critical accounting judgements, estimates and assumptions (continued)

#### *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 intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. 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.

#### *Income tax*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

#### *Recovery of deferred tax assets*

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.

#### *Recoverability of assets*

The recoverable amount of each 'cash-generating unit', 'investment in associate', and 'investment in joint arrangement' is determined as the higher of the asset's fair value less costs to dispose and its value in use. Assessments of value in use and fair value less cost to dispose require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance, as well as the value that a market participant would place on any resources which have yet to be proven as reserves associated with the CGU.

Inventories are recognised at the lower of cost and net realisable value which is calculated. The computation of net realisable value involves significant judgements and estimates in relation to future processing costs, commodity prices, foreign exchange rates, and timing of processing and sale.

#### *Mine development assets*

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long term exchange rates, estimates of short and long term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of deferred mining expenditure, intangible assets, provisions for mine rehabilitation, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the profit or loss.

#### *Exploration and evaluation expenditure*

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

#### *Joint arrangements*

The Group holds a 50% interest in Mount Manning Resources Pty Ltd. The partnership agreements require unanimous consent from all parties for all relevant activities. The two partners own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 2.



## **Note 4. Operating segments**

### *Identification of reportable operating segments*

The Group has no operating segments as the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources are the Group as a whole.

### *Major customers*

During the year ended 30 June 2018 approximately 100% (2017: 100%) of the Group's external revenue was derived from sales to one customer.

### *Geographical information*

The Group's revenue and non-current assets are all derived in Australia and, therefore, this information is detailed throughout the financial statements.

## **Note 5. Revenue**

|                      | <b>Consolidated</b> |                   |
|----------------------|---------------------|-------------------|
|                      | <b>2018</b>         | <b>2017</b>       |
|                      | <b>\$</b>           | <b>\$</b>         |
| <i>Sales revenue</i> |                     |                   |
| Sales of gold        | 44,791,500          | 34,785,950        |
| <i>Other revenue</i> |                     |                   |
| Interest             | 15,904              | 27,053            |
| Revenue              | <u>44,807,404</u>   | <u>34,813,003</u> |

## **Note 6. Share of profits of associates accounted for using the equity method**

|                              | <b>Consolidated</b> |                  |
|------------------------------|---------------------|------------------|
|                              | <b>2018</b>         | <b>2017</b>      |
|                              | <b>\$</b>           | <b>\$</b>        |
| Share of profit - associates | <u>11,568,700</u>   | <u>8,765,189</u> |

Share of profit - associates relates to the Company's investment in Tribune Resources Limited. Refer to note 13 for further details of the investment.

## **Note 7. Other income**

|               | <b>Consolidated</b> |                |
|---------------|---------------------|----------------|
|               | <b>2018</b>         | <b>2017</b>    |
|               | <b>\$</b>           | <b>\$</b>      |
| Sale of scrap | 14,822              | 30,598         |
| Other income  | 22,746              | 79,382         |
| Other income  | <u>37,568</u>       | <u>109,980</u> |



**Note 8. Expenses**

|                                                                    | <b>Consolidated</b> |             |
|--------------------------------------------------------------------|---------------------|-------------|
|                                                                    | <b>2018</b>         | <b>2017</b> |
|                                                                    | <b>\$</b>           | <b>\$</b>   |
| Profit before income tax includes the following specific expenses: |                     |             |
| <i>Depreciation</i>                                                |                     |             |
| Plant and equipment                                                | -                   | 14,240      |
| Mining plant and equipment                                         | 1,483,697           | 1,287,402   |
| Total depreciation                                                 | 1,483,697           | 1,301,642   |
| <i>Amortisation</i>                                                |                     |             |
| Mine development                                                   | 2,370,874           | 2,468,627   |
| Total depreciation and amortisation                                | 3,854,571           | 3,770,269   |
| <i>Finance costs</i>                                               |                     |             |
| Interest and finance charges paid/payable                          | 53,802              | 32,659      |
| <i>Rental expense relating to operating leases</i>                 |                     |             |
| Minimum lease payments                                             | 91,245              | 59,239      |
| <i>Superannuation expense</i>                                      |                     |             |
| Defined contribution superannuation expense                        | 34,171              | 29,749      |

## Note 9. Income tax expense

|                                                                                       | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|---------------------------------------------------------------------------------------|----------------------------|------------------|
| <i>Income tax expense</i>                                                             |                            |                  |
| Current tax                                                                           | 5,991,674                  | 4,272,699        |
| Deferred tax - origination and reversal of temporary differences                      | 2,602,503                  | 3,244,984        |
| Current tax relating to prior periods                                                 | -                          | (438)            |
|                                                                                       | <u>8,594,177</u>           | <u>7,517,245</u> |
| Aggregate income tax expense                                                          |                            |                  |
| Deferred tax included in income tax expense comprises:                                |                            |                  |
| Decrease/(increase) in deferred tax assets (note 19)                                  | (549,059)                  | 89,283           |
| Increase in deferred tax liabilities (note 25)                                        | 3,151,562                  | 3,155,701        |
|                                                                                       | <u>2,602,503</u>           | <u>3,244,984</u> |
| Deferred tax - origination and reversal of temporary differences                      |                            |                  |
|                                                                                       | <u>2,602,503</u>           | <u>3,244,984</u> |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>   |                            |                  |
| Profit before income tax expense                                                      | 30,697,412                 | 24,038,662       |
| Tax at the statutory tax rate of 30%                                                  | 9,209,224                  | 7,211,599        |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income:  |                            |                  |
| Non-taxable dividends                                                                 | (789,631)                  | -                |
| Non-deductible foreign expenditure                                                    | 227,322                    | 288,692          |
| Tax effect of other assessable/(not assessable) amounts in calculating taxable income | (50,850)                   | -                |
| Sundry items                                                                          | (1,888)                    | 17,393           |
|                                                                                       | <u>8,594,177</u>           | <u>7,517,684</u> |
| Adjustment recognised for prior periods                                               | -                          | (439)            |
|                                                                                       | <u>8,594,177</u>           | <u>7,517,245</u> |
| Income tax expense                                                                    |                            |                  |
|                                                                                       | <u>8,594,177</u>           | <u>7,517,245</u> |
|                                                                                       | Consolidated<br>2018<br>\$ | 2017<br>\$       |
| <i>Amounts charged/(credited) directly to equity</i>                                  |                            |                  |
| Deferred tax liabilities (note 25)                                                    | (54,782)                   | 39,662           |

## Note 10. Current assets - cash and cash equivalents

|              | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|--------------|----------------------------|------------------|
| Cash on hand | 250                        | 200              |
| Cash at bank | 2,363,896                  | 3,984,139        |
|              | <u>2,364,146</u>           | <u>3,984,339</u> |

#### Note 11. Current assets - trade and other receivables

|                                   | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|-----------------------------------|----------------------------|----------------|
| Other receivables                 | 433,619                    | 342,958        |
| Goods and services tax receivable | 60,804                     | 62,357         |
|                                   | <u>494,423</u>             | <u>405,315</u> |

##### *Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to \$433,619 as at 30 June 2018 (\$342,958 as at 30 June 2017).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

|                       | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|-----------------------|----------------------------|----------------|
| 0 to 3 months overdue | <u>433,619</u>             | <u>342,958</u> |

#### Note 12. Current assets - inventories

|                           | Consolidated<br>2018<br>\$ | 2017<br>\$        |
|---------------------------|----------------------------|-------------------|
| Ore stockpiles - at cost  | 7,424,975                  | 1,838,173         |
| Gold in transit - at cost | 445,406                    | 287,706           |
| Gold on hand - at cost    | 35,786,507                 | 38,784,811        |
| Silver on hand - at cost  | 738,292                    | -                 |
| Consumables               | 362,338                    | 359,019           |
|                           | <u>44,757,518</u>          | <u>41,269,709</u> |

#### Note 13. Non-current assets - investments accounted for using the equity method

|                                                     | Consolidated<br>2018<br>\$ | 2017<br>\$        |
|-----------------------------------------------------|----------------------------|-------------------|
| Investment in associate - Tribune Resources Limited | <u>48,416,390</u>          | <u>39,956,735</u> |

##### *Interests in associates*

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

| Name                      | Principal place of business /<br>Country of incorporation | Ownership interest<br>2018<br>% | 2017<br>% |
|---------------------------|-----------------------------------------------------------|---------------------------------|-----------|
| Tribune Resources Limited | Australia                                                 | 26.32%                          | 26.32%    |

**Note 13. Non-current assets - investments accounted for using the equity method (continued)**

*Summarised financial information*

|                                                                              | <b>Tribune Resources Limited</b> |              |
|------------------------------------------------------------------------------|----------------------------------|--------------|
|                                                                              | <b>2018</b>                      | <b>2017</b>  |
|                                                                              | <b>\$</b>                        | <b>\$</b>    |
| <i>Summarised statement of financial position</i>                            |                                  |              |
| Current assets                                                               | 170,948,683                      | 157,930,238  |
| Non-current assets                                                           | 85,624,315                       | 65,056,043   |
| Total assets                                                                 | 256,572,998                      | 222,986,281  |
| Current liabilities                                                          | 19,065,930                       | 32,979,010   |
| Non-current liabilities                                                      | 8,993,063                        | 5,346,489    |
| Total liabilities                                                            | 28,058,993                       | 38,325,499   |
| Net assets                                                                   | 228,514,005                      | 184,660,782  |
| <i>Summarised statement of profit or loss and other comprehensive income</i> |                                  |              |
| Revenue                                                                      | 137,887,203                      | 101,959,200  |
| Expenses                                                                     | (74,755,197)                     | (53,510,275) |
| Profit before income tax                                                     | 63,132,006                       | 48,448,925   |
| Income tax expense                                                           | (19,177,053)                     | (15,145,836) |
| Profit after income tax                                                      | 43,954,953                       | 33,303,089   |
| Other comprehensive income                                                   | -                                | 502,313      |
| Total comprehensive income                                                   | 43,954,953                       | 33,805,402   |
| <i>Reconciliation of the Group's carrying amount</i>                         |                                  |              |
| Opening carrying amount                                                      | 39,956,735                       | 31,059,340   |
| Share of profit after income tax                                             | 11,568,700                       | 8,765,189    |
| Share of other comprehensive income                                          | (476,941)                        | 132,206      |
| Share of dividends paid                                                      | (2,632,104)                      | -            |
| Closing carrying amount                                                      | 48,416,390                       | 39,956,735   |

The market value of listed investment in associates at 30 June 2018 is \$83,569,296 (2017: \$95,808,578).

At 30 June 2018 the share price of Tribune Resources Limited was \$6.35 (2017: \$7.28). The Company considers the recoverable amount to be fair value less costs to sell.

### Note 13. Non-current assets - investments accounted for using the equity method (continued)

#### Interests in joint operations

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to Note 2 'Associates' for a description of the equity method of accounting.

The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the Group are set out below:

| Name                       | Principal place of business /<br>Country of incorporation | Ownership interest |           |
|----------------------------|-----------------------------------------------------------|--------------------|-----------|
|                            |                                                           | 2018<br>%          | 2017<br>% |
| East Kundana Joint Venture | Australia                                                 | 12.25%             | 12.25%    |

### Note 14. Non-current assets - available-for-sale financial assets

|                                                                                                                          | Consolidated |            |
|--------------------------------------------------------------------------------------------------------------------------|--------------|------------|
|                                                                                                                          | 2018<br>\$   | 2017<br>\$ |
| Listed securities - at fair value                                                                                        | -            | 267,188    |
| <i>Reconciliation</i>                                                                                                    |              |            |
| Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below: |              |            |
| Opening fair value                                                                                                       | 267,188      | 510,167    |
| Revaluation increments                                                                                                   | -            | (191,521)  |
| Impairment of assets                                                                                                     | -            | (51,458)   |
| Transfer to financial assets on early adoption of AASB 9 (note 15)                                                       | (267,188)    | -          |
| Closing fair value                                                                                                       | -            | 267,188    |

Refer to note 31 for further information on fair value measurement.

The Group has early adopted AASB 9 'Financial Instruments' in its entirety, replacing AASB 139 from 1 July 2017. Listed shares held by the Group were previously classified as available for sale ('AFS'), with any movements (excluding impairment) previously being taken through other comprehensive income ('OCI'). They are now measured at fair value through profit or loss ('FVTPL'). Refer to note 15.

**Note 15. Non-current assets - financial assets at fair value through profit or loss**

|                                                                                                                               | Consolidated<br>2018<br>\$ | 2017<br>\$ |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------|
| Listed securities - at fair value through profit or loss                                                                      | 1,046,139                  | -          |
| <i>Reconciliation</i>                                                                                                         |                            |            |
| Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below: |                            |            |
| Opening carrying amount                                                                                                       | -                          | -          |
| Transfer from available-for-sale financial assets on early adoption of AASB 9 (note 14)                                       | 267,188                    | -          |
| Additions                                                                                                                     | 550,000                    | -          |
| Gain on revaluation to profit or loss                                                                                         | 228,951                    | -          |
| Closing carrying amount                                                                                                       | 1,046,139                  | -          |

The Group has early adopted AASB 9 'Financial Instruments' in its entirety, replacing AASB 139 from 1 July 2017. Listed shares held by the Group were previously classified as available for sale ('AFS'), with any movements (excluding impairment) previously being taken through other comprehensive income ('OCI'). They are now measured at fair value through profit or loss ('FVTPL').

**Note 16. Non-current assets - property, plant and equipment**

|                                         | Consolidated<br>2018<br>\$ | 2017<br>\$  |
|-----------------------------------------|----------------------------|-------------|
| Plant and equipment - at cost           | 241,015                    | 241,015     |
| Less: Accumulated depreciation          | (241,015)                  | (241,015)   |
|                                         | -                          | -           |
| Mining plant and equipment - at cost    | 18,518,385                 | 13,964,338  |
| Less: Accumulated depreciation          | (8,417,431)                | (7,295,462) |
|                                         | 10,100,954                 | 6,668,876   |
| Construction work in progress - at cost | 533,300                    | 590,960     |
|                                         | 10,634,254                 | 7,259,836   |

**Note 16. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| <b>Consolidated</b>                       | Plant and<br>equipment<br>\$ | Mining plant<br>and<br>equipment<br>\$ | Construction<br>WIP<br>\$ | Total<br>\$ |
|-------------------------------------------|------------------------------|----------------------------------------|---------------------------|-------------|
| Balance at 1 July 2016                    | 14,385                       | 5,598,446                              | 101,860                   | 5,714,691   |
| Additions                                 | -                            | 1,240,904                              | 1,067,899                 | 2,308,803   |
| Disposals                                 | (145)                        | -                                      | (1,532)                   | (1,677)     |
| Transfers from exploration and evaluation | -                            | 539,661                                | -                         | 539,661     |
| Transfers in/(out)                        | -                            | 577,267                                | (577,267)                 | -           |
| Depreciation expense                      | (14,240)                     | (1,287,402)                            | -                         | (1,301,642) |
| Balance at 30 June 2017                   | -                            | 6,668,876                              | 590,960                   | 7,259,836   |
| Additions                                 | -                            | 1,164,324                              | 3,285,987                 | 4,450,311   |
| Disposals                                 | -                            | (1)                                    | -                         | (1)         |
| Transfers from exploration and evaluation | -                            | 407,805                                | -                         | 407,805     |
| Transfers in/(out)                        | -                            | 3,343,647                              | (3,343,647)               | -           |
| Depreciation expense                      | -                            | (1,483,697)                            | -                         | (1,483,697) |
| Balance at 30 June 2018                   | -                            | 10,100,954                             | 533,300                   | 10,634,254  |

Included in mining plant and equipment is \$5,388,686 (2017: \$3,816,557) of resource extension relating to drilling expenditure on Raleigh, Rubicon/Hornet and Pegasus.

*Property, plant and equipment secured under finance leases*

Refer to note 35 for further information on property, plant and equipment secured under finance leases.

**Note 17. Non-current assets - exploration and evaluation**

|                                      | <b>Consolidated</b> |             |
|--------------------------------------|---------------------|-------------|
|                                      | <b>2018</b>         | <b>2017</b> |
|                                      | <b>\$</b>           | <b>\$</b>   |
| Exploration and evaluation - at cost | 1,041,874           | 754,378     |



## Note 17. Non-current assets - exploration and evaluation (continued)

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|                                         | Exploration<br>and<br>evaluation<br>\$ |
|-----------------------------------------|----------------------------------------|
| <b>Consolidated</b>                     |                                        |
| Balance at 1 July 2016                  | 812,350                                |
| Additions                               | 1,641,851                              |
| Impairment of assets                    | (1,160,162)                            |
| Transfers to mining plant and equipment | (539,661)                              |
|                                         | <hr/>                                  |
| Balance at 30 June 2017                 | 754,378                                |
| Additions                               | 1,802,698                              |
| Impairment of assets                    | (1,107,397)                            |
| Transfers to mining plant and equipment | (407,805)                              |
|                                         | <hr/>                                  |
| Balance at 30 June 2018                 | <u>1,041,874</u>                       |

The recoverability of the carrying amount of exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### Impairment

At each reporting date the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets. During the year the Group identified indicators of impairment on certain exploration and evaluation assets under AASB 6 'Exploration for and Evaluation of Mineral Resources'. As a result of this review, an impairment loss of \$1,107,397 (2017: \$1,160,162) has been recognised in the statement of profit or loss in relation to areas of interest where no future exploration and evaluation activities are expected.

## Note 18. Non-current assets - mine development

|                                | <b>Consolidated</b> |                  |
|--------------------------------|---------------------|------------------|
|                                | <b>2018</b>         | <b>2017</b>      |
|                                | <b>\$</b>           | <b>\$</b>        |
| Mine development - at cost     | 38,712,895          | 33,258,484       |
| Less: Accumulated amortisation | (29,270,420)        | (26,899,546)     |
|                                | <hr/>               | <hr/>            |
|                                | <u>9,442,475</u>    | <u>6,358,938</u> |

## Note 18. Non-current assets - mine development (continued)

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|                         | Mine<br>development<br>\$ |
|-------------------------|---------------------------|
| <b>Consolidated</b>     |                           |
| Balance at 1 July 2016  | 3,894,316                 |
| Additions               | 4,933,249                 |
| Amortisation expense    | (2,468,627)               |
| Balance at 30 June 2017 | 6,358,938                 |
| Additions               | 5,454,411                 |
| Amortisation expense    | (2,370,874)               |
| Balance at 30 June 2018 | <u>9,442,475</u>          |

Mine development relates to Raleigh underground development, Rubicon development and Pegasus underground development.

## Note 19. Non-current assets - deferred tax

|                                                                            | <b>Consolidated</b> |                  |
|----------------------------------------------------------------------------|---------------------|------------------|
|                                                                            | <b>2018</b>         | <b>2017</b>      |
|                                                                            | <b>\$</b>           | <b>\$</b>        |
| <i>Deferred tax asset comprises temporary differences attributable to:</i> |                     |                  |
| Amounts recognised in profit or loss:                                      |                     |                  |
| Leave provisions                                                           | 1,260               | 16,190           |
| Provision for rehabilitation                                               | 73,231              | 70,171           |
| Capitalised mine development costs                                         | 1,911,869           | 1,349,366        |
| Blackhole costs                                                            | 122                 | 2,471            |
| Sundry accruals and provisions                                             | 24,069              | 23,294           |
| Deferred tax asset                                                         | <u>2,010,551</u>    | <u>1,461,492</u> |
| <i>Movements:</i>                                                          |                     |                  |
| Opening balance                                                            | 1,461,492           | 1,550,775        |
| Credited/(charged) to profit or loss (note 9)                              | 549,059             | (89,283)         |
| Closing balance                                                            | <u>2,010,551</u>    | <u>1,461,492</u> |

**Note 20. Current liabilities - trade and other payables**

|                  | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|------------------|----------------------------|------------------|
| Trade payables   | 4,976,696                  | 5,251,890        |
| Accrued expenses | 112,825                    | 387,508          |
| Other payables   | 16,640                     | 5,786            |
|                  | <u>5,106,161</u>           | <u>5,645,184</u> |

Refer to note 30 for further information on financial instruments.

**Note 21. Current liabilities - borrowings**

|                 | Consolidated<br>2018<br>\$ | 2017<br>\$ |
|-----------------|----------------------------|------------|
| Lease liability | 748,948                    | 347,190    |

Refer to note 30 for further information on financial instruments.

**Note 22. Current liabilities - income tax**

|                          | Consolidated<br>2018<br>\$ | 2017<br>\$ |
|--------------------------|----------------------------|------------|
| Provision for income tax | -                          | 231,295    |

**Note 23. Current liabilities - provisions**

|                   | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|-------------------|----------------------------|------------------|
| Employee benefits | 4,198                      | 53,968           |
| Dividends         | -                          | 6,014,848        |
|                   | <u>4,198</u>               | <u>6,068,816</u> |

*Dividends*

The provision represents dividends declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

## Note 23. Current liabilities - provisions (continued)

### *Movements in provisions*

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

|                                          | Dividends<br>\$    |
|------------------------------------------|--------------------|
| <b>Consolidated - 2018</b>               |                    |
| Carrying amount at the start of the year | 6,014,848          |
| Amounts used                             | <u>(6,014,848)</u> |
| Carrying amount at the end of the year   | <u>-</u>           |

## Note 24. Non-current liabilities - borrowings

|                 | <b>Consolidated</b> |               |
|-----------------|---------------------|---------------|
|                 | <b>2018</b>         | <b>2017</b>   |
|                 | <b>\$</b>           | <b>\$</b>     |
| Lease liability | <u>822,854</u>      | <u>82,239</u> |

Refer to note 30 for further information on financial instruments.

### *Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

|                 | <b>Consolidated</b> |                |
|-----------------|---------------------|----------------|
|                 | <b>2018</b>         | <b>2017</b>    |
|                 | <b>\$</b>           | <b>\$</b>      |
| Lease liability | <u>1,571,802</u>    | <u>429,429</u> |

### *Assets pledged as security*

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

**Note 25. Non-current liabilities - deferred tax**

|                                                                                | Consolidated<br>2018<br>\$ | 2017<br>\$        |
|--------------------------------------------------------------------------------|----------------------------|-------------------|
| <i>Deferred tax liability comprises temporary differences attributable to:</i> |                            |                   |
| Amounts recognised in profit or loss:                                          |                            |                   |
| Investment in associate                                                        | 11,267,802                 | 8,675,124         |
| Capitalised exploration                                                        | 1,929,168                  | 1,371,281         |
| Other                                                                          | 108,701                    | 107,704           |
|                                                                                | <u>13,305,671</u>          | <u>10,154,109</u> |
| Amounts recognised in equity:                                                  |                            |                   |
| Investment in associate                                                        | 248,834                    | 303,616           |
| Deferred tax liability                                                         | <u>13,554,505</u>          | <u>10,457,725</u> |
| <i>Movements:</i>                                                              |                            |                   |
| Opening balance                                                                | 10,457,725                 | 7,262,362         |
| Charged to profit or loss (note 9)                                             | 3,151,562                  | 3,155,701         |
| Charged/(credited) to equity (note 9)                                          | (54,782)                   | 39,662            |
| Closing balance                                                                | <u>13,554,505</u>          | <u>10,457,725</u> |

**Note 26. Non-current liabilities - provisions**

|                | Consolidated<br>2018<br>\$ | 2017<br>\$     |
|----------------|----------------------------|----------------|
| Rehabilitation | <u>244,103</u>             | <u>237,093</u> |

*Rehabilitation*

The provision for rehabilitation covers the following East Kundana joint venture ('EKJV') tenements - M16/309, M15/993, L16/28, L16/38, L16/39, L16/40, L16/54 and L16/69.

The provision for rehabilitation also covers the following key long-lived assets:

- Raleigh: Pit, Raleigh Paleo channel WRD, ROM pad and backfill plant;
- Pope John Pit;
- White Foil - Moonbeam discharge pipeline; and
- Kurrawang Pipeline Corridor.

During the financial year, EKJV management reassessed the rehabilitation cost estimate, noting no significant adjustments to the underlying cost estimate applied at 30 June 2018.

## Note 26. Non-current liabilities - provisions (continued)

### *Movements in provisions*

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

|                                          | Rehabilitation<br>\$ |
|------------------------------------------|----------------------|
| <b>Consolidated - 2018</b>               |                      |
| Carrying amount at the start of the year | 237,093              |
| Additional provisions recognised         | 7,010                |
| Carrying amount at the end of the year   | 244,103              |

## Note 27. Equity - issued capital

|                              | 2018<br>Shares | Consolidated<br>2017<br>Shares | 2018<br>\$ | 2017<br>\$ |
|------------------------------|----------------|--------------------------------|------------|------------|
| Ordinary shares - fully paid | 60,148,475     | 60,148,475                     | 16,694,186 | 16,694,186 |

### *Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

### *Options*

The Company has no options on issue.

### *Share buy-back*

On 5 December 2017, the Company announced it would extend the on-market buy-back of ordinary shares to 12 December 2018. The number of shares remaining to be bought back is 5,931,386.

The market price at the date of the original share buy-back announcement on 7 December 2016 was \$1.85.

### *Capital risk management*

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2017 Annual Report.

## Note 28. Equity - reserves

|                            | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|----------------------------|----------------------------|------------------|
| Available-for-sale reserve | -                          | 123,632          |
| Equity accounting          | 580,614                    | 1,002,773        |
|                            | <u>580,614</u>             | <u>1,126,405</u> |

### Available-for-sale reserve

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

### Equity accounting reserve

This reserve is used to recognise the share of the increments and decrements of other comprehensive income from the Company's share in associate using the equity method.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| Consolidated                                                 | Available-<br>for-sale<br>\$ | Equity<br>accounting<br>\$ | Total<br>\$    |
|--------------------------------------------------------------|------------------------------|----------------------------|----------------|
| Balance at 1 July 2016                                       | 315,153                      | 910,229                    | 1,225,382      |
| Revaluation - net of tax                                     | (191,521)                    | -                          | (191,521)      |
| Share of other comprehensive income from associate           | -                            | 92,544                     | 92,544         |
| Balance at 30 June 2017                                      | 123,632                      | 1,002,773                  | 1,126,405      |
| Share of other comprehensive income from associate           | -                            | (422,159)                  | (422,159)      |
| Transferred to retained earnings on early adoption of AASB 9 | (123,632)                    | -                          | (123,632)      |
| Balance at 30 June 2018                                      | <u>-</u>                     | <u>580,614</u>             | <u>580,614</u> |

## Note 29. Equity - dividends

### Dividends

Dividends paid/payable during the financial year were as follows:

|                                                                                                                                                                                                   | Consolidated<br>2018<br>\$ | 2017<br>\$ |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------|
| Maiden dividend declared for the year ended 30 June 2017 of 10 cents (2016: nil cents) per ordinary share fully franked based on a tax rate of 30%, and paid to Rand shareholders on 31 July 2017 | -                          | 6,014,848  |

A dividend of 10 cents per ordinary share, fully franked based on a tax rate of 30%, was disclosed to the ASX on 22 August 2018 and paid to Rand shareholders on 14 September 2018.

A special dividend of \$1.25 per ordinary share, fully franked based on a tax rate of 30%, was disclosed to the ASX on 20 September 2018 and will be paid to Rand shareholders on 12 October 2018.

The financial effect of these dividends have not been brought to account in the financial statements for the year ended 30 June 2018 and will be recognised in subsequent financial periods.



## **Note 29. Equity - dividends (continued)**

### *Franking credits*

|                                                                                      | <b>Consolidated</b> |                   |
|--------------------------------------------------------------------------------------|---------------------|-------------------|
|                                                                                      | <b>2018</b>         | <b>2017</b>       |
|                                                                                      | <b>\$</b>           | <b>\$</b>         |
| Franking credits available for subsequent financial years based on a tax rate of 30% | <u>24,425,368</u>   | <u>20,742,705</u> |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

## **Note 30. Financial instruments**

### **Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. 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. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

### **Market risk**

#### *Foreign currency risk*

The Group is not exposed to any significant foreign currency risk.

#### *Price risk*

The Group is exposed to equity securities price risks and bullion price risk. This arises from investments held by the Group and classified in the statement of financial position as financial assets at fair value through profit or loss, available-for-sale financial assets and bullion held as inventory.

The policy of the Group is to sell gold at spot price and so it has not entered into any hedging contracts. The Group's revenues were exposed to fluctuation in the price of gold. If the average selling price of gold of US\$1,690.50 (2017: US\$1,257.28) for the financial year had increased/decreased by 10% the change in the profit before income tax for the Group would have been an increase/decrease of A\$4,591,697 (2017: A\$3,434,201).

If there was a 10% increase or decrease in market price of gold, the net realisable value of bullion on hand would increase/(decrease) by \$7,389,565 (2017: \$7,598,116) and the bullion in transit would increase/(decrease) by \$90,540 (2017: \$56,194). As gold on hand is held at cost there would be no impact on profit or loss.

#### *Interest rate risk*

The Group is not exposed to any significant interest rate risk.

### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

### Note 30. Financial instruments (continued)

The Group has a credit risk exposure with the carrying amount of receivables. For some receivables the Group obtains agreements which can be called upon if the counterparty is in default under the terms of the agreement.

#### Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

#### Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated - 2018                  | Weighted<br>average<br>interest rate<br>% | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
|--------------------------------------|-------------------------------------------|----------------------|--------------------------------|--------------------------------|--------------------|----------------------------------------------|
| <b>Non-derivatives</b>               |                                           |                      |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>          |                                           |                      |                                |                                |                    |                                              |
| Trade payables                       | -                                         | 4,976,696            | -                              | -                              | -                  | 4,976,696                                    |
| Other payables                       | -                                         | 16,640               | -                              | -                              | -                  | 16,640                                       |
| <i>Interest-bearing - fixed rate</i> |                                           |                      |                                |                                |                    |                                              |
| Lease liability                      | 2.20%                                     | 802,440              | 876,147                        | -                              | -                  | 1,678,587                                    |
| Total non-derivatives                |                                           | 5,795,776            | 876,147                        | -                              | -                  | 6,671,923                                    |
| <b>Consolidated - 2017</b>           |                                           |                      |                                |                                |                    |                                              |
| <b>Non-derivatives</b>               |                                           |                      |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>          |                                           |                      |                                |                                |                    |                                              |
| Trade payables                       | -                                         | 5,251,890            | -                              | -                              | -                  | 5,251,890                                    |
| Other payables                       | -                                         | 5,786                | -                              | -                              | -                  | 5,786                                        |
| <i>Interest-bearing - fixed rate</i> |                                           |                      |                                |                                |                    |                                              |
| Lease liability                      | 1.56%                                     | 355,248              | 82,727                         | -                              | -                  | 437,975                                      |
| Total non-derivatives                |                                           | 5,612,924            | 82,727                         | -                              | -                  | 5,695,651                                    |

## Note 31. Fair value measurement

### Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

|                            | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
|----------------------------|---------------|---------------|---------------|-------------|
| <b>Consolidated - 2018</b> |               |               |               |             |
| <i>Assets</i>              |               |               |               |             |
| Listed securities - equity | 1,046,139     | -             | -             | 1,046,139   |
| Total assets               | 1,046,139     | -             | -             | 1,046,139   |
|                            | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
| <b>Consolidated - 2017</b> |               |               |               |             |
| <i>Assets</i>              |               |               |               |             |
| Listed securities - equity | 267,188       | -             | -             | 267,188     |
| Total assets               | 267,188       | -             | -             | 267,188     |

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

## Note 32. 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:

|                              | <b>Consolidated</b> |                |
|------------------------------|---------------------|----------------|
|                              | <b>2018</b>         | <b>2017</b>    |
|                              | <b>\$</b>           | <b>\$</b>      |
| Short-term employee benefits | 466,296             | 311,725        |
| Post-employment benefits     | 28,819              | 38,800         |
| Long-term benefits           | -                   | 95,699         |
|                              | <u>495,115</u>      | <u>446,224</u> |

### Note 33. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and unrelated firms:

|                                                      | Consolidated   |               |
|------------------------------------------------------|----------------|---------------|
|                                                      | 2018           | 2017          |
|                                                      | \$             | \$            |
| <i>Audit services - Grant Thornton Audit Pty Ltd</i> |                |               |
| Audit or review of the financial statements          | 90,750         | 74,750        |
| <i>Other services - Grant Thornton Audit Pty Ltd</i> |                |               |
| Tax compliance services                              | 25,516         | 14,000        |
|                                                      | <u>116,266</u> | <u>88,750</u> |
| <i>Audit services - unrelated firms</i>              |                |               |
| Audit or review of the financial statements          | <u>4,177</u>   | <u>2,713</u>  |

### Note 34. Contingent liabilities

Native title claims have been made with respect to areas which include tenements in which the Group has interests. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects.

## **Note 35. Commitments**

|                                                                             | <b>Consolidated</b> |                  |
|-----------------------------------------------------------------------------|---------------------|------------------|
|                                                                             | <b>2018</b>         | <b>2017</b>      |
|                                                                             | <b>\$</b>           | <b>\$</b>        |
| <i>Capital commitments</i>                                                  |                     |                  |
| Committed at the reporting date but not recognised as liabilities, payable: |                     |                  |
| Property, plant and equipment                                               | 845,403             | 3,101,378        |
| <i>Lease commitments - operating</i>                                        |                     |                  |
| Committed at the reporting date but not recognised as liabilities, payable: |                     |                  |
| Within one year                                                             | 401,178             | 400,323          |
| One to five years                                                           | 1,515,417           | 1,558,855        |
|                                                                             | <u>1,916,595</u>    | <u>1,959,178</u> |
| <i>Lease commitments - finance</i>                                          |                     |                  |
| Committed at the reporting date and recognised as liabilities, payable:     |                     |                  |
| Within one year                                                             | 802,440             | 355,248          |
| One to five years                                                           | 876,147             | 82,727           |
| Total commitment                                                            | 1,678,587           | 437,975          |
| Less: Future finance charges                                                | (106,785)           | (8,546)          |
| Net commitment recognised as liabilities                                    | <u>1,571,802</u>    | <u>429,429</u>   |
| Representing:                                                               |                     |                  |
| Lease liability - current (note 21)                                         | 748,948             | 347,190          |
| Lease liability - non-current (note 24)                                     | 822,854             | 82,239           |
|                                                                             | <u>1,571,802</u>    | <u>429,429</u>   |

Capital commitments relate to mining capital expenditure commitments relating to the East Kundana joint venture.

Operating lease commitments include contracted amounts for mining tenement leases. In order to maintain current rights of tenure to mining tenements, the Group will be required to outlay the above-mentioned funds in respect of tenement lease rentals and to meet minimum expenditure requirements of the Western Australian Mines Department. These obligations are expected to be fulfilled in the normal course of operations.

Finance lease commitments include contracted amounts for East Kundana joint venture underground mining equipment secured under finance leases expiring within 18 to 36 months. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

## **Note 36. Related party transactions**

### *Parent entity and ultimate parent entity*

Rand Mining Limited ('Rand') is the parent entity. Tribune Resources Limited ('Tribune') is the ultimate parent entity and holds 44.19% of shares in Rand and consolidated Rand for financial reporting purposes.

### *Subsidiaries*

Interests in subsidiaries are set out in note 38.

### *Associates*

Interests in associates are set out in note 13.

### *Joint ventures*

Interests in joint ventures are set out in note 13.

### Note 36. Related party transactions (continued)

#### *Key management personnel*

Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the directors' report.

#### *Transactions with related parties*

The following transactions occurred with related parties:

|                                                                              | <b>Consolidated</b> |             |
|------------------------------------------------------------------------------|---------------------|-------------|
|                                                                              | <b>2018</b>         | <b>2017</b> |
|                                                                              | <b>\$</b>           | <b>\$</b>   |
| Payment for other expenses:                                                  |                     |             |
| Payment of royalties to Lake Grace Exploration Pty Ltd *                     | 24,425              | 21,248      |
| Payment for executive accommodation fees to Lake Grace Exploration Pty Ltd * | 27,000              | 27,000      |
| Option fees paid to Resource Capital Limited *                               | 6,416               | 6,697       |
| Payment of rent, rates and levies for office to Melville Parade Pty Ltd **   | 74,453              | -           |

\* An entity in which Anthony Billis is a director.

\*\* An entity in which Anthony Billis and Roland Berzins are directors.

#### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

#### *Advances from related parties*

During the financial year, advances of \$950,000 (2017: \$2,270,000) were made between Rand Mining Limited and Tribune Resources Limited. These amounts were repaid prior to the reporting date. As disclosed above, there were no receivables from related parties at 30 June 2018. Anthony Billis, Gordon Sklenka and Otakar Demis are directors of Tribune Resources Limited.

#### *Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

### Note 37. Parent entity information

Set out below is the supplementary information about the parent entity.

#### *Statement of profit or loss and other comprehensive income*

|                                | <b>Parent</b> |             |
|--------------------------------|---------------|-------------|
|                                | <b>2018</b>   | <b>2017</b> |
|                                | <b>\$</b>     | <b>\$</b>   |
| Profit/(loss) after income tax | 3,540,952     | (412,192)   |
| Total comprehensive income     | 3,540,952     | (412,192)   |

## Note 37. Parent entity information (continued)

### Statement of financial position

|                           | Parent       |              |
|---------------------------|--------------|--------------|
|                           | 2018<br>\$   | 2017<br>\$   |
| Total current assets      | 5,094,221    | 7,806,395    |
| Total assets              | 5,633,642    | 8,360,747    |
| Total current liabilities | 37,840       | 6,305,897    |
| Total liabilities         | 37,840       | 6,305,897    |
| Equity                    |              |              |
| Issued capital            | 16,694,186   | 16,694,186   |
| Accumulated losses        | (11,098,384) | (14,639,336) |
| Total equity              | 5,595,802    | 2,054,850    |

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 38. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name                             | Principal place of business /<br>Country of incorporation | Ownership interest |           |
|----------------------------------|-----------------------------------------------------------|--------------------|-----------|
|                                  |                                                           | 2018<br>%          | 2017<br>% |
| Rand Exploration N.L.            | Australia                                                 | 100.00%            | 100.00%   |
| Mount Manning Resources Pty Ltd* | Australia                                                 | 50.00%             | 50.00%    |

\* This is a dormant entity, there was no balances or transactions as at 30 June 2018 and 30 June 2017.



**Note 39. Reconciliation of profit after income tax to net cash from operating activities**

|                                                                                | Consolidated<br>2018<br>\$ | 2017<br>\$       |
|--------------------------------------------------------------------------------|----------------------------|------------------|
| Profit after income tax expense for the year                                   | 22,103,235                 | 16,521,417       |
| Adjustments for:                                                               |                            |                  |
| Depreciation and amortisation                                                  | 3,854,571                  | 3,770,269        |
| Net gain on disposal of property, plant and equipment                          | (14,822)                   | (29,057)         |
| Share of profit from equity accounted investments                              | (11,568,700)               | (8,765,189)      |
| Gain on revaluation of equity instruments at fair value through profit or loss | (228,951)                  | -                |
| Impairment of financial assets                                                 | -                          | 51,458           |
| Impairment of exploration and evaluation                                       | 1,107,397                  | 1,160,162        |
| Change in operating assets and liabilities:                                    |                            |                  |
| Increase in trade and other receivables                                        | (89,108)                   | (141,096)        |
| Increase in inventories                                                        | (3,487,809)                | (6,997,178)      |
| Increase in income tax refund due                                              | (595,877)                  | -                |
| Decrease/(increase) in deferred tax assets                                     | (549,059)                  | 89,283           |
| Increase in prepayments                                                        | (6,586)                    | -                |
| Increase/(decrease) in trade and other payables                                | (622,949)                  | 2,191,903        |
| Decrease in provision for income tax                                           | (231,295)                  | (1,596,562)      |
| Increase in deferred tax liabilities                                           | 3,151,562                  | 3,155,701        |
| Increase/(decrease) in employee benefits                                       | (49,770)                   | 9,773            |
| Increase in other provisions                                                   | 7,010                      | 8,556            |
| Net cash from operating activities                                             | <u>12,778,849</u>          | <u>9,429,440</u> |

**Note 40. Non-cash investing and financing activities**

|                                                               | Consolidated<br>2018<br>\$ | 2017<br>\$ |
|---------------------------------------------------------------|----------------------------|------------|
| Acquisition of plant and equipment by means of finance leases | <u>1,814,575</u>           | <u>-</u>   |

**Note 41. Changes in liabilities arising from financing activities**

| Consolidated                                     | Lease<br>liability<br>\$ |
|--------------------------------------------------|--------------------------|
| Balance at 1 July 2016                           | 780,199                  |
| Net cash used in financing activities            | <u>(350,770)</u>         |
| Balance at 30 June 2017                          | 429,429                  |
| Net cash used in financing activities            | (672,202)                |
| Acquisition of assets by means of finance leases | <u>1,814,575</u>         |
| Balance at 30 June 2018                          | <u>1,571,802</u>         |

## **Note 42. Earnings per share**

|                                                                                           | <b>Consolidated</b> |                   |
|-------------------------------------------------------------------------------------------|---------------------|-------------------|
|                                                                                           | <b>2018</b>         | <b>2017</b>       |
|                                                                                           | <b>\$</b>           | <b>\$</b>         |
| Profit after income tax attributable to the owners of Rand Mining Limited                 | <u>22,103,235</u>   | <u>16,521,417</u> |
|                                                                                           | <b>Number</b>       | <b>Number</b>     |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>60,148,475</u>   | <u>60,148,475</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>60,148,475</u>   | <u>60,148,475</u> |
|                                                                                           | <b>Cents</b>        | <b>Cents</b>      |
| Basic earnings per share                                                                  | 36.75               | 27.47             |
| Diluted earnings per share                                                                | 36.75               | 27.47             |

## **Note 43. Events after the reporting period**

As discussed above, a dividend of 10 cents per ordinary share, fully franked based on a tax rate of 30%, was disclosed to the ASX on 22 August 2018, and paid to shareholders on 14 September 2018.

A special dividend of \$1.25 per ordinary share, fully franked based on a tax rate of 30%, by controlled entity, Rand Mining Limited, was disclosed to the ASX on 20 September 2018 and will be paid to Rand shareholders on 12 October 2018.

The Company is the holder of a 26.32% shareholding interest in Tribune Resources Limited. Tribune is currently the subject of a Takeovers Panel hearing.

The Panel announced on 17 September 2018 that it considers that the market is not informed in relation to persons who have a relevant interest in certain Tribune shares, that certain tracing notice responses in relation to Tribune contains material that is false, and that there have been numerous contraventions of the substantial shareholding provisions in relation to Tribune shares. The Panel also announced that there may have been contraventions of the takeovers provisions in relation to Tribune but did not reach any conclusions.

The Panel has made a declaration of unacceptable circumstances in relation to Tribune. The Panel is considering what final orders it will make and will publish details in due course.

On 24 September 2018, the Company's option and access agreement relating to Rand Mining Limited's option to acquire Iron Resources Limited from Resources Capital Limited dated 23 September 2011, and subsequently extended, has now expired and is no longer in effect.

Subsequent to the year end, the Group have sold the majority of the gold inventory that the Group held with the proceeds used to cover working capital and the dividends that have been paid and declared to shareholders.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- 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 required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Anthony Billis  
Director

27 September 2018  
Perth

# Independent Auditor's Report

## To the Members of Rand Mining Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Rand Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Key audit matters

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

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mine Development Assets – Note 18</b> <p>The Group has mine development assets with a carrying value of \$9,442,475 as at 30 June 2018. Capitalised mine development costs includes expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain its production.</p> <p>Amortisation of mine development assets is calculated by application of the units of production method, which includes estimated proved and probable reserves.</p> <p>This area is a key audit matter due to the significant management judgment involved in determining the appropriate accounting treatment. The valuation of the reserves and related estimates can impact the carrying value of deferred mining expenditure, intangible assets, provision for mine rehabilitation, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewing management's site amortisation calculation and agreeing key inputs to supporting documentation;</li> <li>• Engaging the services of an independent geologist to evaluate the resource and reserve estimates used by the Group's technical expert;</li> <li>• Testing the amortisation computation for mathematical accuracy;</li> <li>• Assessing the appropriateness of the allocation of costs between operating and capital expenditure based the nature of the underlying activity; and</li> <li>• Determining the appropriateness of the related disclosures within the financial statements.</li> </ul> |

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

## Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability 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 have 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 at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

#### Report on the remuneration report

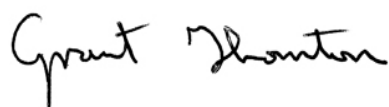
##### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 17 to 21 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Rand Mining Limited, for the year ended 30 June 2018 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 27 September 2018

The shareholder information set out below was applicable as at 14 September 2018.

### **Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

|                                       | <b>Number<br/>of holders<br/>of ordinary<br/>shares</b> |
|---------------------------------------|---------------------------------------------------------|
| 1 to 1,000                            | 188                                                     |
| 1,001 to 5,000                        | 181                                                     |
| 5,001 to 10,000                       | 42                                                      |
| 10,001 to 100,000                     | 64                                                      |
| 100,001 and over                      | 27                                                      |
|                                       | <b>502</b>                                              |
| Holding less than a marketable parcel | <b>24</b>                                               |

### **Equity security holders**

#### *Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

|                                                                          | <b>Ordinary shares<br/>% of total<br/>shares<br/>issued</b> |
|--------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Number held</b>                                                       |                                                             |
| Tribune Resources Limited                                                | 26,576,764 44.19                                            |
| Trans Global Capital Ltd                                                 | 7,899,584 13.13                                             |
| Glenealge Securities Nominees Pty Ltd                                    | 7,701,574 12.80                                             |
| Northern Star Resources Limited                                          | 2,925,360 4.86                                              |
| Lake Grace Exploration Pty Ltd                                           | 2,917,000 4.85                                              |
| Sierra Gold Ltd                                                          | 2,100,000 3.49                                              |
| Resource Capital Limited                                                 | 1,604,500 2.67                                              |
| JP Morgan Nominees Australia Limited                                     | 1,120,216 1.86                                              |
| Spectrok Pty Ltd (The Hedley Super Fund)                                 | 540,000 0.90                                                |
| Raypoint Pty Ltd                                                         | 530,000 0.88                                                |
| Mrs Phanatchakorn Wichaikul                                              | 510,000 0.85                                                |
| Berne No 132 Nominees Pty Ltd                                            | 306,600 0.51                                                |
| Ian Sandover & Associates Pty Ltd (Sandover Super A/C)                   | 257,384 0.43                                                |
| Mr Frank Bozic                                                           | 250,000 0.42                                                |
| HKT Au Pty Ltd (Moramba Services P/L)                                    | 217,829 0.36                                                |
| Dr Stephen Garth Nordstrom                                               | 203,000 0.34                                                |
| Mr Francis William Regan & Mrs Fabriba Regan (The Francis Regan S/F A/C) | 200,000 0.33                                                |
| Southam Investments 2003 Pty Ltd (Warwickshire Investment A/C)           | 200,000 0.33                                                |
| Starwall Pty Ltd                                                         | 200,000 0.33                                                |
| Zels Super Fund Pty Ltd (Zels Super Fund A/C)                            | 171,500 0.29                                                |
|                                                                          | <b>56,431,311 93.82</b>                                     |

#### *Unquoted equity securities*

There are no unquoted equity securities.

### Substantial holders

Substantial holders in the Company are set out below:

|                                       | Ordinary shares |                          |
|---------------------------------------|-----------------|--------------------------|
|                                       | Number held     | % of total shares issued |
| Tribune Resources Limited             | 26,576,764      | 44.19                    |
| Trans Global Capital Ltd              | 7,899,584       | 13.13                    |
| Glenealge Securities Nominees Pty Ltd | 7,701,574       | 12.80                    |

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### Ordinary shares

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

There are no other classes of equity securities.

### Tenements

| Description                         | Tenement number | Interest owned % |
|-------------------------------------|-----------------|------------------|
| <i>Western Australia, Australia</i> |                 |                  |
| Kundana                             | M15/1413        | 49.00            |
| Kundana                             | M15/993         | 49.00            |
| Kundana                             | M16/181         | 49.00            |
| Kundana                             | M16/182         | 49.00            |
| Kundana                             | M16/308         | 49.00            |
| Kundana                             | M16/309         | 49.00            |
| Kundana                             | M16/325         | 49.00            |
| Kundana                             | M16/326         | 49.00            |
| Kundana                             | M16/421         | 49.00            |
| Kundana                             | M16/428         | 49.00            |
| Kundana                             | M24/924         | 49.00            |
| West Kundana                        | M16/213         | 24.50            |
| West Kundana                        | M16/214         | 24.50            |
| West Kundana                        | M16/218         | 24.50            |
| West Kundana                        | M16/310         | 24.50            |
| Seven Mile Hill                     | M26/563         | 100.00           |
| Seven Mile Hill                     | P15/5182        | 100.00           |
| Seven Mile Hill                     | P15/5183        | 100.00           |
| Seven Mile Hill                     | M15/1233        | 100.00           |
| Seven Mile Hill                     | M15/1234        | 100.00           |
| Seven Mile Hill                     | M15/1291        | 100.00           |
| Seven Mile Hill                     | M15/1388        | 100.00           |
| Seven Mile Hill                     | M15/1394        | 100.00           |
| Seven Mile Hill                     | M15/1409        | 100.00           |
| Seven Mile Hill                     | M15/1743        | 100.00           |
| <i>Liberia, West Africa</i>         |                 |                  |
| Tapeta Iron Ore Project             |                 | 100.00           |