



ACN 148 966 545

Annual Report for the Year Ended 30 June 2016

AUROCH MINERALS LIMITED

CORPORATE DIRECTORY

ABN	91 148 966 545
Directors	Mr Glenn Whiddon (Executive Chairman) Mr Matthew Foy (Non-Executive Director) Mr Ryan Gaffney (Non-Executive Director)
Company Secretary	Mr Matthew Foy
Registered office	Level 2, Office J 1139 Hay St WEST PERTH WA 6005 Telephone +61 8 9486 4699 Facsimile +61 8 9486 4799
Website	www.aurochminerals.com
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone +61 8 9315 2333 Facsimile +61 8 9315 2233
Bankers	National Australia Bank 7 Sandridge Road Bunbury WA 6230
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco, WA 6008
Stock Exchange	Australian Securities Exchange Limited ASX Code: AOU
Solicitors	GTP Legal Level 1, 28 Ord Street West Perth WA 6005

AUROCH MINERALS LIMITED

CONTENTS

	Page
• Directors' Report	3
• Auditor's Independence Declaration	20
• Consolidated Statement of Profit or Loss and Other Comprehensive Income	21
• Consolidated Statement of Financial Position	23
• Consolidated Statement of Changes in Equity	24
• Consolidated Statement of Cash Flows	25
• Notes to the Consolidated Financial Statements	26
• Directors' Declaration	57
• Independent Auditor's Report	58
• Additional information	60

Your Directors present their report on Auroch Minerals Limited (**Auroch, Company** or the **Group**) for the period 1 July 2015 to 30 June 2016.

REVIEW OF OPERATIONS

Sale of Manica Gold Project

On 30 June 2015 the Company advised it had entered into a binding agreement to sell 100% of the Manica mining Concession 3990C to AIM-listed Xtract Resources Plc (**Xtract** or **XTR**) for total sale consideration of US\$10 million in a combination of cash and equity in Xtract, plus the assumption of project related creditors of up to US\$1.5 million (**Agreement**).

The Agreement was conditional upon Auroch obtaining prior consent of the Government of Mozambique through the Ministry of Mineral Resources and Energy to the extent required under the Mozambique Mining Act and other applicable laws relating to the change of control of the Company's subsidiary and communicating such change of control to the Mozambican mining authorities. Completion of the Agreement was also subject to Auroch obtaining shareholder approval under ASX Listing Rule 11.2 for the sale of the Manica Mining Concession and Xtract obtaining approval for the admission of the Consideration Shares to trading on AIM.

On 2 March 2016 the Company advised that final approval had been received under the Mozambique Mining Act from the Mozambique Mining Act from the Mozambican mining authorities in addition to the earlier approvals from the Central Bank and the Ministry of Taxation, permitting the completion of the sale of 100% of the Manica Gold Project to Xtract (**Completion**).

The final terms of the Agreement with Xtract are as follows:

- Cash payment at Completion of ~A\$4.2 million¹ (US\$3.0 million); and
- Issue of 1,137,258,065 XTR Shares (currently valued at ~A\$4.22 million²) (**Completion Consideration**).

Consideration to be paid 3 months post Completion:

- Deferred cash consideration of ~A\$3.5million³ (US\$2.5 million) payable as follows:
 - US\$1.3 million cash; and
 - the remaining US\$1.2 million will be payable in cash or XTR Shares (at Auroch's election), issued at a 20% discount to the 10-day VWAP prior to Auroch's election.

Xtract and the Company also agreed to extend the date for the fulfilment of all conditions regarding the Transaction from 29 February 2016 to 31 March 2016 to facilitate payment of the Completion Consideration and admission to trading on AIM of the XTR shares.

Deed of Settlement with Xtract Resources Plc

Subsequent to the Period on 20 July 2016 the Company advised it had entered into a deed of settlement with Xtract Resources Plc (**Xtract**) with respect to the US\$2.5 million deferred consideration payable by Xtract to the Company (**Settlement Deed**).

¹ Assumes 1 US Dollar equals 1.40 Australian Dollars

² Assumes 1 British Pound equals 1.95 Australian Dollars and an Xtract share price of £0.0019

³ Assumes 1 US Dollar equals 1.40 Australian Dollars

AUROCH MINERALS LIMITED

DIRECTORS' REPORT

Pursuant to the Sale Agreement (refer [ASX Announcement 2 March 2016](#)), three months following Completion Xtract was obliged to pay the Company Deferred Consideration totalling US\$2.5 million comprising US\$1.3 million cash and the remaining US\$1.2 million payable in cash or XTR Shares at the Company's election. The Company elected to receive the Deferred Consideration in cash.

Settlement Deed Terms

Subject to the Xtract's compliance with the Settlement Deed, the Company has agreed to refrain from taking legal action against Xtract to enforce its obligation under the Sale Agreement to pay the Deferred Consideration on the following conditions:

- Xtract to make a first instalment payment of US\$750,000 by 19 July 2016 (this has been paid); and
- Xtract to make a second and final payment of US\$1,785,671 by 12 August 2016 (**Second Instalment**), which includes interest over the period 1 June 2016 to 19 July 2016, and interest on the Second Instalment over the period 20 July 2016 to 12 August 2016.

On 26 August 2016 the Company advised that pursuant to the Settlement Deeds terms, the Company received the first instalment payment of US\$750,000 and had also received \$100,000 of the Second Instalment. On 26 May 2016 Xtract announced it had entered into a conditional sale and purchase agreement to sell the Manica Gold Project to Nexus Capital Limited (**Nexus**) and Mineral Technologies International Limited (**MTI**) for cash consideration of US\$17,500,000. On 17 August 2016 Xtract advised that it was currently in discussions with Nexus and MTI in relation to re-structuring the sale of the Manica Gold Project to Nexus and MTI. The Company is in discussions with Xtract in relation to settlement of the remaining US\$1,685,671 owed to it and envisages that following completion of the discussions between Xtract, Nexus and MTI, a resolution will be reached on the Second Instalment.

Norseman Gold Projects, Western Australia

Following completion of the sale of the Manica Gold Project, Auroch retains 100% of two prospecting licenses in Western Australia; the Beete Gold Project (P63/1646) and the Peninsula Gold Project (P63/1694) (**Figure 1**). In addition to focusing its efforts on these two tenements the Company will continue to assess potential future opportunities to add value to shareholders.

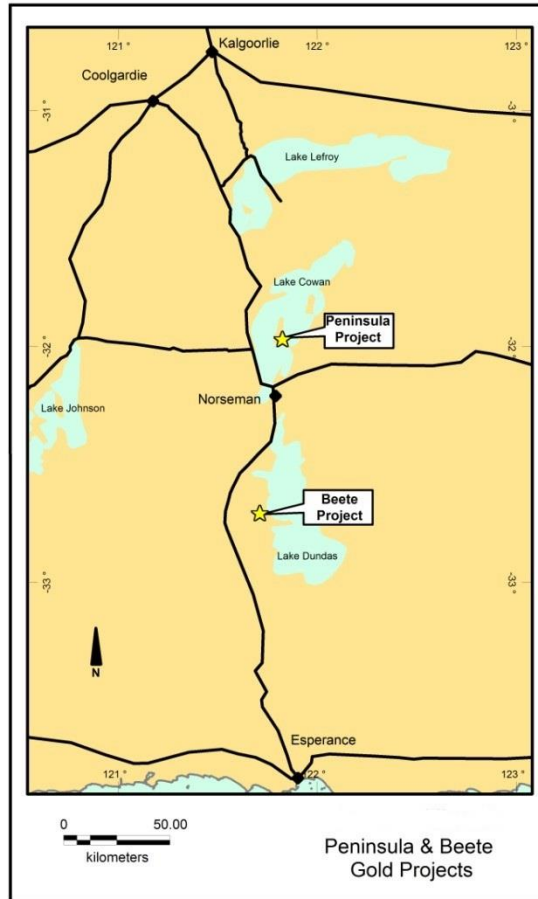


Figure 1: Location of the Peninsula and Beete Gold Projects Western Australia

During the Period the Company provided an update on its Norseman Gold Projects, Western Australia. A complete review of existing data for P63/1646 (the **Beete Gold Project**) & P63/1694 (the **Peninsula Gold Project**) commenced in April 2016, including a reconnaissance site visit to both tenements and surrounding areas by CEO Dr Andrew Tunks. The Beete Gold Project (P63/1646) is located approximately 55 kilometres south of Norseman (**Figure 2**), with the Peninsula Gold Project (P63/1694) located approximately 27 kilometres north of Norseman (**Figure 3**).

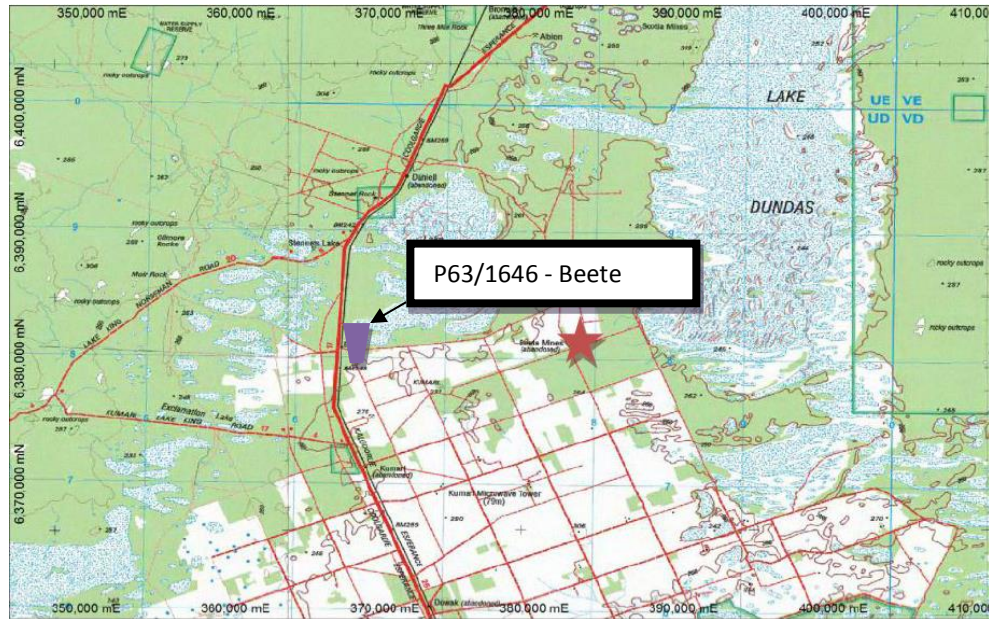


Figure 2: P63/1646 - Beete Gold Project location map.

The historic mine workings at the Beete Gold Project were visited and hand specimens collected. Gold mineralisation is hosted within a narrow quartz vein, and sometimes in the adjacent hanging and/or footwall shear. The vein conforms closely to the attitude of the host lithology (quartz rich arenites and quartz feldspar amphibole schists), however considerable local variations in dip can occur.

The Beete Gold Project recorded production post-1974 was 2,816 tonnes of ore at an average grade of 24.8g/t Au [2,300 ounces].

There is sufficient encouragement from reconnaissance activities and an initial review of the data to suggest there is a possibility of discovering economic quantities of structural lode style mesothermal gold veins on the tenements. An initial proposal for further mapping and additional surface sampling has been designed to assess the potential of mineralisation at the Beete Gold Project extending within the tenement.

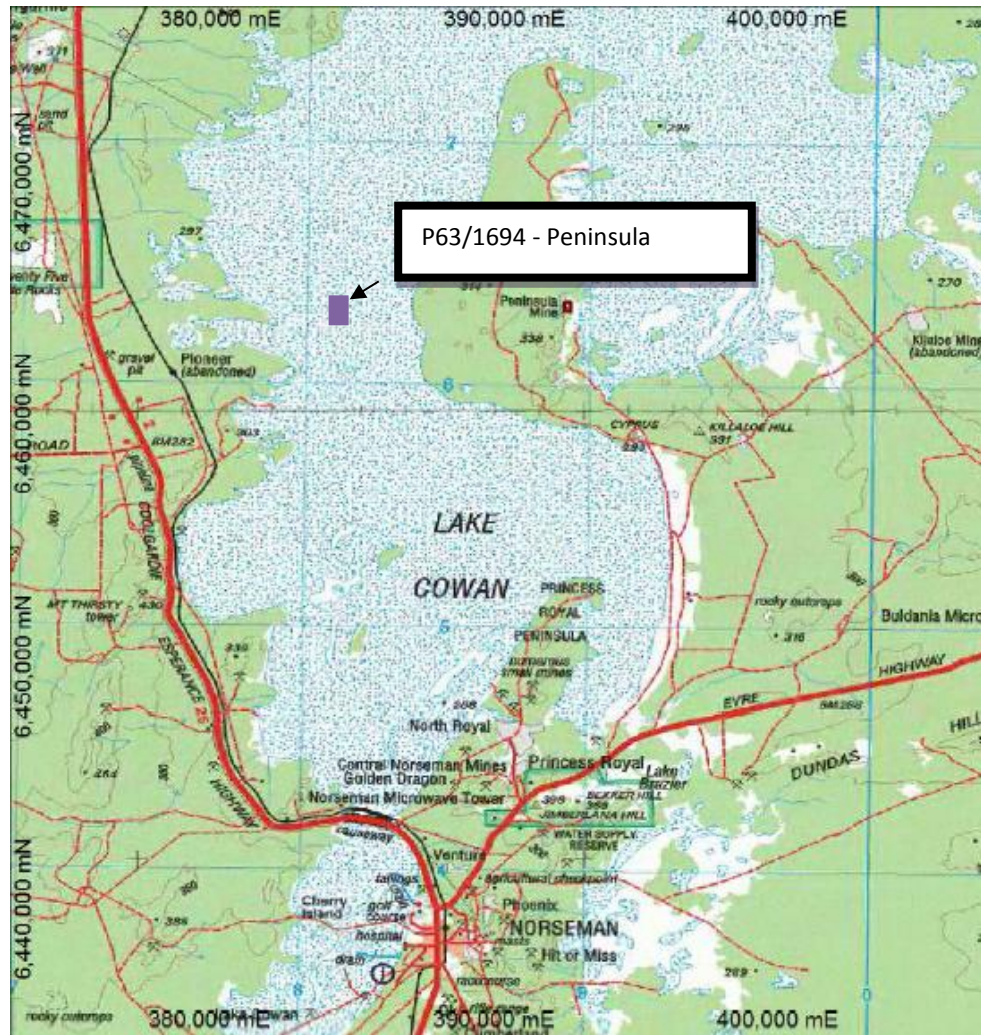


Figure 3: P63/1694 - Peninsula Gold Project location map.

The mineralisation at the Peninsula Gold Project was observed to be associated with north-south trending quartz veins which dip at angles of 60-80 degrees to the east. A major quartz reef extends for the length of the tenement and was worked in the late 1800's and intermittently throughout the 1900's. Five historic shafts on this north-south trend were visited within the project area. At the north end of the tenement the main reef appears to have been faulted, and the geology is complicated by drag folding associated with faulting. Small scale open cut and underground mining previously occurred with a trial open pit mining operation yielding 424 tonnes of ore grading at 2.14 g/t Au, and a decline producing 495 tonnes of ore at 1.62 g/t Au. Mining was stopped due to issues with continuity.

At the Peninsula Gold Project, a preliminary review of current data shows possible extensions of the known mineralisation both along strike and at depth. A targeted scout drilling program will be planned to test the potential extensions of mineralisation in a bid to expand its size within the tenement.

A review of all existing data on the tenements was completed covering:-

- Assembly of pertinent data from the Department of Mines and Petroleum (DMP) GIS data sets;
- Assembly, processing and/or integration of the best available magnetic and gravity data with the aim of generating images that will facilitate definition of: alteration, faults, joint sets, and potential field associations of known gold occurrences in the region;

AUROCH MINERALS LIMITED

DIRECTORS' REPORT

- Assembly and integration of geochemical data sets generated from the open-file exploration records of the region; and
- Assembly and integration of any data generated from prior exploration drill holes, rock chip sampling, soil sampling, and other sampling in the region.

Exploration programs at the Beete Gold Project (P63/1646) and Peninsula Gold Project (P63/1694) commenced in September 2016. The programs are designed to cover the entirety of both projects. In addition, surface sampling programs (infill and step-out) will be conducted with up to 100 mulloch, soil, and rock chip samples planned.

CORPORATE

CEO & Board Appointments

During the Period the Company advised that Dr. Andrew Tunks had committed to a full-time role as Auroch CEO. Auroch Chairman Glenn Whiddon remarked *“Andrew has been working with the Company for more than 12 months now and was involved in both the re-evaluation of the Manica Gold Project and its subsequent sale. We are excited to welcome Andrew into a more fulsome role where his passion for the industry and close links to Capital Markets and technical expertise will be of great value to the Company.”*

Dr Tunks holds a B.Sc (Hons) Monash and a Ph.D UTAS in geology and has over 25 years' experience in the minerals industry. He previously held senior technical roles at North Limited, Paladin Resource, Ranger Minerals and Iamgold and was CEO of A-Cap Resources, Botswana Metals and Ausgold. Over the last few years Andrew has successfully built a bespoke geological consultancy providing highly targeted advice on technical mining issues.

The Company also advised that Mr Ryan Gaffney had been appointed to the Board as Non-Executive Director. Mr Gaffney holds a BSBA in Finance and Economics from the Daniels College of Business, University of Denver, Colorado.

Mr Gaffney, based in London, UK, currently runs an independent advisory and consulting business focused on Mergers and Acquisitions advisory and fundraising for small and medium-cap companies. He was previously a Managing Director with Canaccord Genuity in London, where he focused on providing natural resources clients with mergers and acquisitions, financing, and advisory services from 2002 to 2015.

Following the appointment of Mr Gaffney, the Company advised that Mr Nicholas Ong had resigned as Director of the Company. The Company wishes to thank Mr Ong for his significant contribution to the Company over the past two years.

Shareholder Approval

The Company announced that all resolutions put to shareholders at the extraordinary general meeting held on 15 October 2015, including a resolution relating to the sale of the Manica Gold Project, had been approved by shareholders. Shareholder approval for the sale of the Manica Gold Project amounted to a key condition precedent to completion of the transaction with Xtract.

In addition, the Company sought and obtained shareholder approval for, the issue of up to 1,139,956 convertible note securities (**Convertible Notes**). On 23 October 2015, Convertible Notes representing a face value of \$250,000 were converted into 3,350,723 ordinary shares and 1,675,361 attaching options exercisable at \$0.08 on or before 31 December 2018. The Company also issued 1,850,000 ordinary shares and 1,000,000 options exercisable at \$0.10 on or before 23 October 2018 in settlement of outstanding creditors and deferred payments.

Partly Paid Share Consolidation & Option Entitlement Offer

During the Period, the Company announced it had completed a reduction of its share capital by:

- Extinguishing the uncalled amount of 19 cents per share on 21,800,000 partly paid shares; and
- Consolidating those shares on a 20:1 basis into 1,090,000 fully paid ordinary shares.

Following the consolidation and capital reduction and as at the date of this report the Company has 76,810,865 ordinary shares on issue.

On 14 April 2016, the Company despatched an entitlement offer to issue the partly paid shareholders 19 new options with an exercise price of \$0.20 on or before 23 October 2018 at a subscription price of \$0.005 per new option for every 20 partly paid shares held prior to the capital reduction and consolidation. The Company received subscription applications totalling 13,844,650 new options pursuant to the Options Offer raising \$69,223 before costs. On 23 June 2016 the Company issued an additional 6,550,000 new options pursuant to the shortfall offer.

Settlement of Outstanding Loans

The Company announced on 18 April 2016 that it had repaid all loans and convertible notes outstanding representing \$496,723. The outstanding balances have been repaid via the settlement of 169,561,799 shares in Xtract.

Sale of Xtract Resources Plc shares

During the Period the Company realised the initial scrip consideration received from Xtract by disposing of 967,696,266 XTR shares at an average XTR share price of £0.001204 per share for total proceeds of £1,165,051 (A\$2,250,507) to Auroch. After adjusting for the loans settled in XTR shares (refer [announcement 18 April 2016](#)) the Company booked a loss of A\$1,230,413 following a decline in the XTR share price and announcement by XTR of the sale of the Manica Project to Nexus Capital Limited and Mineral Technologies International Limited.

Appendix 1 - Interest in Exploration Tenements

Western Australia

Tenement	Tenement ID	Status	Interest
Beete	P63/1646	Granted	100%
Peninsula	P63/1694	Granted	100%

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr. Andrew Tunks and represents an accurate representation of the available data. Dr. Tunks (Member Australian Institute Geoscientists) is the CEO of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Tunks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS

The names of Directors who held office during or since the end of the period:

Mr Glenn Whiddon

Mr Matthew Foy

Mr Nicholas Ong (resigned 29 June 2016)

Mr Ryan Gaffney (appointed 29 June 2016)

All directors were in office for the entire duration unless otherwise stated.

INFORMATION ON DIRECTORS

Information on Directors as at the date of this report is as follows:

Mr Glenn Whiddon

Executive Chairman

Glenn has an extensive background in equity capital markets, banking and corporate advisory with specific focus on natural resources, enabling project origination and financing. He has a significant contact network throughout the world which has led to the development of a number of projects. Glenn holds an economics degree and has extensive corporate and management experience. He has global banking experience with The Bank of New York in Australia, Europe and Russia.

Mr Whiddon is currently a director of Azonto Petroleum Ltd, Fraser Range Metals Group Ltd and Statesman Resources Ltd.

In the past 3 years Mr Whiddon has been a director of Zyl Ltd, Sirocco Energy Ltd and Rialto Energy Ltd.

Equity interests: 9,634,627 ordinary shares, 1,818,147 options exercisable at \$0.08 on or before 31 December 2018, 2,850,000 options exercisable at \$0.20 on or before 23 October 2018.

Mr Ryan Gaffney (Appointed 29 June 2016)

Non-Executive Director

Ryan holds a BSBA in Finance and Economics from the Daniels College of Business, University of Denver, Colorado. Ryan, based in London, UK, currently runs an independent advisory and consulting business focused on Mergers and Acquisitions advisory and fundraising for small and medium-cap companies. He was previously a Managing Director with Canaccord Genuity in London, where he focused on providing natural resources clients with mergers and acquisitions, financing, and advisory services from 2002 to 2015.

Ryan is not currently a director of any other listed company and has not held any directorships in the last three years.

Equity interests in the Company: Nil.

Mr Matthew Foy

Non-Executive Director & Company Secretary

Matthew is an active member of the WA State Governance Council of the Governance Institute of Australia (GIA) and spent four years at the ASX facilitating the listing and compliance of companies. Matthew is also currently Non-executive Director of Minerals Corporation Ltd.

In the last 3 years, Matthew has been a Non-Executive Director of Segue Resources Ltd (resigned 1 September 2014), Omni Market Tide Limited (resigned 22 July 2015) and MSM Corporation Ltd (resigned 12 January 2016).

Equity interests in the Company: 175,000 ordinary shares.

Mr Nicholas Ong

Non-Executive Director (resigned 29 June 2016)

Nicholas was a Principal Adviser at the Australian Securities Exchange (ASX) in Perth and brings ten years' experience in compliance and corporate governance to the Board. He has overseen the admission of over 100 companies on to the official list of the ASX. Nicholas is a member of the Governance Institute of Australia and is Managing Director of Minerva Corporate, a corporate advisory firm that specialises in providing transaction advisory, financial reporting and company secretarial services. Nicholas holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

DIRECTORS MEETING

There were no formal Directors' meetings held during the period. The Directors' conducted formal business via circulating resolution.

REMUNERATION REPORT (Audited)

The Remuneration Report is set out under the following main headings:

- Remuneration policy
- Details of remuneration
- Share-based compensation
- Equity instrument disclosures relating to Key Management Personnel
- Loans to Key Management Personnel
- Other transactions with Key Management Personnel
- Service agreements

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

This report details the nature and amount of remuneration for each Director of Auroch Minerals Limited and key management personnel of the group. Person who are considered key management personnel of the group during the Period are as follows:

- Glenn Whiddon (Executive Chairman)
- Nicholas Ong (Non-Executive Director, resigned 29 June 2016)
- Matthew Foy (Non-Executive Director, Company Secretary)
- Andrew Tunks (Chief Executive Officer, appointed 9 January 2015)
- Ryan Gaffney (Non-Executive Director, appointed 29 June 2016)

1. Remuneration policy

The remuneration policy of Auroch has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives, based on key performance areas affecting the Group's financial results. Key performance areas of the Group include cash flow, share price, exploration results and development of cash-generating business activities. The Board of Directors (the **Board**) of Auroch believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

Voting and comments made at the company's 2015 Annual General Meeting

At the 2015 Annual general Meeting the Company remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

Remuneration Governance

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

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

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

The employees of the Group receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Group and expensed. Options (if applicable) given to Directors and Key Management Personnel are valued using an appropriate option pricing methodology.

The Board policy is to remunerate non-executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The remuneration committee determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

AUROCH MINERALS LIMITED

DIRECTORS' REPORT

The maximum aggregate amount of fees that can be paid to non-executive Directors was approved by shareholders at a General Meeting held on 11 February 2011. The maximum amount of fees payable to non-executive directors is \$250,000 per annum.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the Company. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Board as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. During the Period no performance based incentives, options or bonuses were granted to any director or executive. As such, no pre-determined performance criteria have been outlined for the existing Board.

During the year the company did not seek the advice of remuneration consultants.

Company performance, shareholder wealth and director and executive remuneration.

The following table shows gross revenue, profits/losses and share price of the Group at the end of the current and previous financial years since incorporation. There is no link between company performance and remuneration given the current nature of the Company's operations.

	30 June 2016 \$	30 June 2015 \$	30 June 2014 \$	30 June 2013 \$
Revenue from continuing operations (interest only)	1,178	81,791	29,154	110,819
Net profit/(loss)	2,510,541	(1,003,116)	(921,051)	(1,093,562)
Share price	\$0.13	\$0.12	\$0.05	\$0.09

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. This will be achieved via offering performance incentives based on key performance indicators.

2. Details of remuneration

2016	Short-term benefits	Post- employment benefits	Share-based Payment		Total	%
Name	Cash Salary and Fees	Super- annuation	Equity	Option s		perf. based
Glenn Whiddon	171,800	-	-	-	171,800	-
Matthew Foy	-	-	16,450	-	16,450	-
Nicholas Ong (i)	-	-	-	-	-	-
Ryan Gaffney (ii)	-	-	-	-	-	-
Other						
Andrew Tunks	114,785	-	40,000	-	154,785	-
Total	286,585	-	56,450	-	343,035	-

(i) Nicholas Ong resigned 29 June 2016

(ii) Ryan Gaffney appointed 29 June 2016

AUROCH MINERALS LIMITED

DIRECTORS' REPORT

2015	Short-term benefits	Post- employment benefits	Share-based Payment		Total	%
Name	Cash Salary and Fees	Super- annuation	Equity	Options		perf. based
Glenn Whiddon	148,160	-	-	-	148,160	-
Matthew Foy (i)	-	-	-	-	-	-
Jan Nelson (ii)	41,113	-	-	-	41,113	-
Nicholas Ong	-	-	-	-	-	-
Other						
Francisco Matos	108,215	-	-	-	108,215	-
Gordon Koll	115,180	-	-	-	115,180	-
Jim Porter	92,396	-	-	-	92,396	-
Andrew Tunks (iii)	30,000	-	-	-	30,000	-
Total	535,064	-	-	-	535,064	-

- (i) Matthew Foy was appointed 3 December 2014
- (ii) Jan Nelson resigned 28 November 2014
- (iii) Andrew Tunks was appointed on 9 January 2015

3. Share-based compensation

The Auroch Minerals Limited Employee Share Plan (the "Plan") is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. Approved by Shareholders 4 April 2013 the Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

During the Period no shares were issued under the Plan.

Shares

There were no shares issued to Directors or employees by the Group under the Plan during the year (2015: Nil), refer to the above table for details of share based payments to Directors and employees not under the Plan.

Options

There were no options issued to Directors or employees by the Group (2015: Nil) under the Plan during the year.

4. Equity Instrument Disclosures Relating to Key Management Personnel

(i) Options provided as remuneration and shares issued on any exercise of such options

There were no options provided as remuneration and shares issued on any exercise of such options issued during the period.

(ii) Option holdings

At the end of the period, the Director's option holdings are as follows:

AUROCH MINERALS LIMITED

DIRECTORS' REPORT

2016	Balance at the start of the period	Received during the period	Other changes during the period	Balance at the end of the period
Fully Paid Shares				
Directors				
Glenn Whiddon	-	2,850,000	1,818,147	4,668,147
Nicholas Ong (i)	-	57,000	(57,000)	-
Matthew Foy	-	-	-	-
Ryan Gaffney (ii)	-	-	-	-
Employees				
Andrew Tunks	-	-	-	-
Total	-	2,907,000	1,761,147	4,668,147

(i) Mr Ong resigned as Director on 29 June 2016

(ii) Mr Gaffney appointed as Director on 29 June 2016

(iii) Share holdings

Aggregate numbers of shares of the Group held directly, indirectly or beneficially by Directors or key management personnel of the Group at the date of this report:

2016	Balance at the start of the period	Received during the period	Other changes during the period	Balance at the end of the period
Fully Paid Shares				
Directors				
Glenn Whiddon	5,508,333	-	4,126,294	9,634,627
Nicholas Ong (i)	80,000	3,000	(83,000)	-
Matthew Foy	-	175,000	-	175,000
Ryan Gaffney (ii)	-	-	-	-
Employees				
Andrew Tunks	-	500,000	-	500,000
Total	5,588,333	678,000	4,043,294	10,309,627

(i) Mr Ong resigned as Director on 29 June 2016

(ii) Mr Gaffney appointed as Director on 29 June 2016

2016	Balance at the start of the period	Received during the period	Other changes during the period	Balance at the end of the period
Partly Paid Shares				
Directors				
Glenn Whiddon	3,000,000	-	(3,000,000)	-
Matthew Foy	-	-	-	-
Nicholas Ong	60,000	-	(60,000)	-

AUROCH MINERALS LIMITED

DIRECTORS' REPORT

Employees

Andrew Tunks	-	-	-	-
Total	3,060,000	-	(3,060,000)	-

(i) Mr Ong resigned as Director on 29 June 2016

(ii) Mr Gaffney appointed as Director on 29 June 2016

5. Loans to Key Management Personnel

There were no loans to key management personnel during the year.

6. Other transactions with Key Management Personnel

Mr Nicholas Ong is a director of Minerva Corporate Pty Ltd. During the period ended 30 June 2016 the Company was providing consultancy, company secretarial, accounting and administration and registered office services to Auroch Minerals Limited. In accordance with the services agreement the monthly charge for these services is \$8,000 per month. Payments to Minerva Corporate Pty Ltd during the relevant period total \$116,500 (2015: \$99,000). The amounts owed to Minerva Corporate Pty Ltd as at 30 June 2016 was \$9,000 (2015: \$132,061).

Loan received from Glenn Whiddon (Executive Director) during the period to fund the groups working capital commitments. The loan was repayable within 7 business days' following written notice by the Lender to the Borrower. Interest was payable at 9.25% per annum on repayment date. Should interest not be paid then the interest rate increased to 12%. This loan was repaid by the group in the form of Xtract shares.

During the period Mr Glenn Whiddon and his associated entities converted convertible loans totalling \$300,000 into 3,636,294 ordinary shares and 1,818,147 options exercisable at \$0.08 on or before 31 December 2018 pursuant to shareholder approval obtained on 15 October 2015.

During the period Mr Matthew Foy was issued 175,000 ordinary shares in lieu of fees subject to shareholder approval obtained 15 October 2015.

During the period Mr Andrew Tunks was issued 500,000 ordinary shares in lieu of fees.

7. Service Agreements

Mr Andrew Tunks has a consultancy agreement with the Company whereby Mr Tunks provides services in his capacity as Chief Executive Officer. The consulting agreement commenced on 9 January 2015 and was amended on 29 June 2016 for an indefinite term at \$250,000 per annum. The Company or Mr Tunks may terminate the agreement by giving one months' notice, or by the Company making one months' payment in lieu of notice.

No other key management personnel have Service Agreements in place.

End of Audited Remuneration Report

OPERATING RESULTS

The net loss after providing for income tax amounted to \$2,701,923 (2015: \$1,003,116).

PRINCIPAL ACTIVITY

The principal activity of the Group is mineral exploration and development.

DIVIDENDS

There were no dividends paid or recommended during the financial year ended 30 June 2016 (2015: Nil).

FINANCIAL POSITION

The net assets of the Group at 30 June 2016 are \$8,655,798 (2015: \$4,123,489).

ENVIRONMENTAL REGULATIONS

In the normal course of business, there are no environmental regulations or requirements that the Group is subject to.

Greenhouse gas and energy data reporting requirements

The Company is not required to report under the Energy Efficiencies Opportunity Act 2006 or the National Greenhouse and Energy Efficient Reporting Act 2007 (the **Acts**).

INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the period the Group paid \$10,250 in premiums for Directors and Officer Insurance.

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 Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 2 March 2016 the Company advised that final approval had been received under the Mozambique Mining Act from the Mozambique Mining Act from the Mozambican mining authorities in addition to the earlier approvals from the Central Bank and the Ministry of Taxation, permitting the completion of the sale of 100% of the Manica Gold Project to Xtract (Completion).

Other than the above there has been no other significant changes in the state of affairs of the Group during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In the opinion of the Directors, disclosure of any further information on likely developments in operations and expected results would be prejudicial to the interests of the Group, the consolidated entity and shareholders.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 4 July 2016 the Company advised that it had conducted final due diligence investigations on the Hombolo Lithium Project. Assay Results from due diligence sampling conducted in May across the Hombolo Ground package yielded disappointing results and showed no significant anomalism across the tenement package outside the historic open pit workings within the Primary Mining Licences.

Subsequent to the Period on 20 July 2016 the Company advised it had entered into a deed of settlement with Xtract

AUROCH MINERALS LIMITED

DIRECTORS' REPORT

Resources Plc with respect to the US\$2.5 million deferred consideration payable by Xtract to the Company.

Subject to the Xtract's compliance with the Settlement Deed, the Company agreed to refrain from taking legal action against Xtract to enforce its obligation under the Sale Agreement to pay the Deferred Consideration on the following conditions:

- Xtract to make a first instalment payment of US\$750,000 by 19 July 2016 (this has been paid); and
- Xtract to make a second and final payment of US\$1,785,671.86 by 12 August 2016 (**Second Instalment**), which includes interest over the period 1 June 2016 to 19 July 2016, and interest on the Second Instalment over the period 20 July 2016 to 12 August 2016.

On 26 August 2016 the Company advised that pursuant to the Settlement Deeds terms, the Company received the first instalment payment of US\$750,000 and had also received \$100,000 of the Second Instalment. The Company is in discussions with Xtract with regards to final settlement of the remaining US\$1,685,671.

NON AUDIT SERVICES

During the financial period the following fees were paid or payable for services provided by the auditor:

	2016	2015
	\$	\$
BDO Corporate Tax (WA) Pty Ltd, tax compliance	34,454	9,466
	<u>34,454</u>	<u>9,466</u>

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

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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


AUROCH MINERALS LIMITED

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C of the Corporations Act 2001 is included on page 20 of this financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Glenn Whiddon

DIRECTOR

Dated this 30th day of September 2016

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF AUROCH MINERALS LIMITED

As lead auditor of Auroch Minerals Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Auroch Minerals Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2016

AUROCH MINERALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue	3	43,893	81,791
Less Expenses:			
Accounting fees		(108,142)	(79,193)
Audit fees		(41,265)	(37,380)
Borrowing Costs		(12,500)	-
Consulting fees		(422,834)	(217,702)
Corporate advisory		(30,000)	(28,757)
Directors expense		(18,887)	(48,000)
Employee Benefits Expense		(25,000)	-
Share buy back		-	42,630
Corporate and regulatory fees		(22,734)	(17,541)
Interest		(80,261)	(140,375)
Impairment expense		(556,534)	(13,915)
Legal costs		(157,222)	-
Share based payment expense		(265,563)	-
Travel & accommodation		(75,520)	(77,946)
Finance costs		(221,209)	(351,216)
Foreign exchange loss		(482,780)	-
Other expenses		(127,071)	(116,628)
(Loss) before income tax		(2,603,629)	(1,004,232)
Income tax expense	5	(847,355)	-
(Loss) after income tax		(3,450,984)	(1,004,232)
Profit from sale of discontinued operations		5,961,525	1,116
Profit/(Loss) for the year		2,510,541	(1,003,116)

AUROCH MINERALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

Other comprehensive income

Items that have been reclassified to the profit or loss

Exchange differences on disposal of controlled entities	191,382	-
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Items that may be reclassified to the profit or loss

Exchange difference on translation of foreign operations	-	(828,689)
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Other comprehensive income/(loss for the year net of tax)	191,382	(828,689)
--	---------	-----------

Total comprehensive income/(loss) for the year attributable to the owners of Auroch Minerals Limited	2,701,923	(1,831,805)
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Basic profit/loss per share (cents per share) from continuing operations attributable to the ordinary equity holders of the company	6	(5.27)	(1.79)
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Diluted profit/loss per share (cents per share) attributable to the ordinary equity holders of the company	6	(5.27)	(1.79)
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Basic profit/loss per share (cents per share) attributable to the ordinary equity holders of the company	6	4.12	(1.79)
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Diluted profit/(loss) per share (cents per share) attributable to the ordinary equity holders of the company	6	2.62	(1.79)
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The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

AUROCH MINERALS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	5,223,618	86,667
Trade and other receivables	8	3,392,763	20,086
Assets held for sale		-	7,947,290
Total Current Assets		8,616,381	8,054,043
Non-current Assets			
Mineral exploration and evaluation expenditure	9	171,507	206,866
Total Non-current Assets		171,506	206,866
TOTAL ASSETS		8,787,888	8,260,909
LIABILITIES			
Current Liabilities			
Trade and other payables	10	132,090	2,278,448
Borrowings	11	-	414,113
Financial liabilities	11	-	1,444,859
Total Current Liabilities		132,090	4,137,420
Non-current Liabilities			
Financial liabilities		-	-
Total Non-current Liabilities		-	-
TOTAL LIABILITIES		132,090	4,137,420
NET ASSETS		8,655,798	4,123,489
EQUITY			
Contributed equity	12	9,518,702	7,961,958
Reserves	13	389,175	(75,849)
Accumulated losses	14	(1,252,079)	(3,762,620)
TOTAL EQUITY		8,655,798	4,123,489

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

AUROCH MINERALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Contributed Equity	Accumulated Losses	Option Reserve	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	7,961,958	(3,762,620)	-	115,533	(191,382)	4,123,489
Profit/Loss for year	-	2,510,541	-	-	-	2,510,541
Exchange difference on foreign operations	-	-	-	-	191,382	191,382
Total comprehensive loss for year	-	2,510,541	-	-	191,382	2,701,923
Transactions with owners in their capacity as owners:						
Issue of shares	1,575,130	-	-	-	-	1,575,130
Issue of options	-	-	194,828	-	-	-
Share based payment reserve	-	-	-	78,814	-	273,642
Share capital raising costs	(18,386)	-	-	-	-	(18,386)
Balance at 30 June 2016	9,518,702	(1,252,079)	194,828	194,347	-	8,655,798
Balance at 1 July 2014	14,699,457	(2,759,504)	-	42,630	637,307	12,619,890
Loss for year	-	(1,003,116)	-	-	-	(1,003,116)
Exchange difference on foreign operations	-	-	-	-	(828,689)	(828,689)
Total comprehensive loss for year	-	(1,003,116)	-	-	(828,689)	(1,831,805)
Transactions with owners in their capacity as owners:						
Issue of shares	771,862	-	-	-	-	771,862
Share buy-back	(7,500,000)	-	-	(42,630)	-	(7,542,630)
Share based payment reserve	-	-	-	115,533	-	115,533
Share capital raising costs	(9,361)	-	-	-	-	(9,361)
Balance at 30 June 2015	7,961,958	(3,762,620)	-	115,533	(191,382)	4,123,489

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

AUROCH MINERALS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,382,359)	(218,413)
Other revenue		-	-
Interest received		1,146	900
Interest Paid		(179,442)	-
Other Payments GST		(55,796)	-
Net cash (outflow) from operating activities	15	<u>(1,616,451)</u>	<u>(217,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisitions		-	(350,000)
Payments for exploration expenditure		(999,811)	(890,224)
Proceeds from sale of prospects		7,306,573	-
Net cash (outflow) from investing activities		<u>6,306,762</u>	<u>(1,240,224)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		829,673	1,238,845
Capital raising costs		(21,505)	(26,011)
Net cash inflow from financing activities		<u>808,168</u>	<u>1,212,834</u>
Net increase/decrease in cash and cash equivalents		5,498,479	(244,903)
Foreign exchange movement on cash and cash equivalents		(361,528)	-
Cash and cash equivalents at the beginning of the year		86,667	331,570
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	<u>5,223,618</u>	<u>86,667</u>

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

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing these financial statements.

Compliance with IFRS

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

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Early adoption of new standards

The Group has elected not to early adopt any new standards issued not yet effective. Refer to note 1 (t) for an assessment of the impact of these standards to the Group.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Auroch Minerals Limited as at 30 June 2016 and the results of all subsidiaries for the year then ended. Auroch Minerals Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of 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.

Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

(c) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(d) Share Based Payment Transactions

Under AASB 2 Share Based Payments, the Group must recognise the fair value of shares and options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. No revision to original estimates is made in respect of options issued with market based conditions.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using an appropriate option pricing model.

In relation to the valuation of the share-based payments, these are valued using an appropriate option valuation method. Once a valuation is obtained management use an assessment as to the probability of meeting non-market based conditions. Market conditions are vested over the period in which management assess it will take for these conditions to be satisfied.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(e) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker (“CODM”), which has been identified by the Group as the Managing Director and other members of the Board of directors.

(f) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximately their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(g) Income Tax and Other Taxes

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities. Adjustments to current income tax are made to take into account any change in tax rates between the Company and its subsidiaries.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

Auroch Minerals Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the financial statements.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

(h) Exploration and Evaluation Expenditure

The Group's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

- i. Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs; and
- ii. Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
 - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
 - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(i) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

(j) Investments and other financial assets

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

(i) Loans and receivables

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

Recognition and de-recognition

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. 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.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(k) Earnings Per Share

(i) Basic Earnings Per Share

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

(ii) Diluted Earnings Per Share

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

(l) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest income is recognised as it accrues using the effective interest method.

(m) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

(n) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(o) Borrowings Cost

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(p) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Statement of financial position. The amount of GST payable to the taxation authority is included as part of the payables in the Statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(q) Contributed Equity

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

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(r) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Group companies

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

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position.
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

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

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

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

No dividends were paid or proposed during the year.

(s) Parent entity information

The financial information for the parent entity, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(t) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations including those Standards and Interpretations issued by the IASB/IFRIC, where an Australian equivalent has not been made by the AASB, were in issue but not yet effective for which the Entity has considered it unlikely for there to be a material impact on the financial statements.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	<p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:</p> <ul style="list-style-type: none"> • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. <p>The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9:</p> <ul style="list-style-type: none"> • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	Annual reporting periods beginning on or after 1 January 2017 ¹	<p>Adoption of AASB 9 is only mandatory for the year ending 30 June 2018.</p> <p>The entity does not currently have any financial instruments.</p>

¹ The application date of AASB 9 has been deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017 by AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 15 Revenue from Contracts with Customers	Revenue	<p>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.</p>	Annual reporting periods beginning on or after 1 January 2017	The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
		<p>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 judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.</p>		
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>Makes three amendments to AASB 9:</p> <ul style="list-style-type: none"> • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. <p>Under the new hedge accounting requirements:</p> <ul style="list-style-type: none"> • The 80-125% highly effective threshold has been removed 	Annual reporting periods beginning on or after 1 January 2015	<p>The application date of AASB 9 has been deferred to 1 January 2017. The entity has not yet made an assessment of the impact of these amendments.</p> <p>The entity does not currently have any hedging arrangements in place.</p>

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
		<ul style="list-style-type: none"> • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI 		
AASB 2015-1	Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (issued January 2015)	<p>The changes affect two standards as follows: AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The update clarifies that if assets/disposal groups are reclassified from being held for sale to being held for distribution to owner or vice versa, this is considered to be a continuation of the original plan for disposal. It also clarifies that if assets cease to be held for distribution to owners, the usual AASB 5 requirements for assets that cease to be held for sale will apply. The update also affects AASB 119: Employee benefits by clarifying that high quality corporate bonds or national government bonds used to determine the discount rate for long service leave and defined benefit liabilities must be denominated in the same currency as the</p>	Effective for periods beginning on or after 1 January 2016	The entity has not yet made an assessment of the impact of these amendments.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

		benefits that will be paid to the employee.		
AASB 16	Leases	This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2019. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.	Effective for periods beginning on or after 1 July 2019	The entity has not yet made an assessment of the impact of these amendments.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Financial Statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Capitalisation of exploration and evaluation expenditure

The Group has capitalised exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. Refer to note 9 for further details.

Receivables

The Group expects to recover amounts included as receivables at the date of this report. This includes amounts recognised as deferred consideration on the sale of the Manica asset.

(b) Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

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 using the Black Scholes model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change. Details of estimates used can be found in Note 21.

Estimated fair value of borrowings

The initial fair value of the liability portion of converting notes is determined as the proceeds less value of borrowing costs and fees. The liability is subsequently recognised at fair value until extinguished on conversion or maturity of the notes, with the fair value at maturity estimated based on management's view of the most likely conversion outcome.

3. REVENUE	2016	2015
	\$	\$
From continuing operations		
Gain on settlement of liability	-	80,891
Interest received	1,178	900
Total	<u>1,178</u>	<u>81,791</u>
4. EXPENSES	2016	2015
	\$	\$
Profit/Loss includes the following specific expenses:		
Consultants and advisory fees	452,834	217,702
Advertising and Marketing	1,768	1,462
Share registry costs	10,335	6,367
Depreciation	-	1,157
5. TAXATION	2016	2015
	\$	\$
The components of tax expense comprise:		
Current tax	847,355	-
Deferred tax	-	-
	<u>847,355</u>	<u>-</u>

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

5. TAXATION (continued)

The prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Profit/(Loss) before income tax	(2,603,629)	(989,201)
Profit/(Loss) before income tax from discontinued operations	5,961,525	-
Prima facie tax benefit on loss from continuing activities before income tax at 30% (2015: 30%)	1,007,369	(296,760)
Add/(subtract) tax effect of:		
Expenditure not deductible	652,715	37,391
Other		-
Deferred tax assets relating to tax losses not recognised	167,476	259,369
Adjustments relating to Mozambique capital gains tax	(1,033,165)	-
Foreign tax rate differential	52,960	-
Total income tax expense	847,355	-

The franking account balance at year end was \$nil.

Deferred tax assets and liabilities not recognised relate to the following:

Deferred tax assets		
Tax losses	1,255,772	812,868
Other temporary differences	56,984	109,728
Capital loss	41,672	-
Exploration expenditure	(50,851)	(50,389)
Net deferred tax assets	1,303,577	872,207

6. PROFIT/LOSS PER SHARE

	2016	2015
	\$	\$
(a) Profit/(loss) per share		
Profit/(loss) attributable to the ordinary equity holders of the Group	2,701,923	(1,003,116)
(b) Reconciliations of profit/loss used in calculated loss per share		
Basic and diluted profit/loss per share	4.12	(1.79)
Diluted profit/loss per share	2.62	(1.79)
(c) Weighted average number of shares used as a denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	65,531,281	56,092,271

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Deposits at call	31,514	42,176
Cash at bank	5,192,104	44,491
	5,223,618	86,667

The Group's exposure to interest rate risk is discussed in Note 17.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

7. CASH AND CASH EQUIVALENTS (continued)

Financial Guarantees

The Group has provided no financial guarantees.

8. TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Deferred consideration on sale of Manica asset ¹	3,359,075	-
Prepayments	578	-
Other receivables	33,110	20,086
	<u>3,392,763</u>	<u>20,086</u>

Ageing of receivables past due or impaired

As at 30 June 2016 deferred consideration was past due. Refer to Note 22 for further details of deferred consideration receivable.

The Group's exposure to credit risk is discussed in Note 17.

The deferred consideration receivable relates to the Groups disposal of the Manica gold project to Xtract Resources PLC. Subsequent to year end, the company entered into a revised settlement deed with Xtract regarding the timing of payment. Xtract paid the total of US\$750,000 of the agreed first instalment and US\$100,000 of the agreed value of US\$1,785,671 of the second instalment. The remaining balance is outstanding.

Xtract has announced it has entered into a conditional sale and purchase agreement to sell the Manica Gold Project to Nexus Capital Limited (**Nexus**) and Mineral Technologies International Limited (**MTI**) for cash consideration of US\$17,500,000. Xtract have advised that it is currently in discussions with Nexus and MTI in relation to re-structuring the sale of the Manica Gold Project to Nexus and MTI. The Company is in discussions with Xtract in relation to settlement of the remaining US\$1,685,671 owed to it and envisages that following completion of the discussions between Xtract, Nexus and MTI, a resolution will be reached on the Second Instalment. The directors are satisfied that the the remaining receivable is fully recoverable.

9. EXPLORATION AND EVALUATION EXPENDITURE

	2016	2015
	\$	\$
Balance at beginning of the year	206,866	16,371,887
Tenement acquisition costs cancelled	-	(8,650,000)
Exploration expenditure incurred	521,175	1,005,683
Exploration expenditure written off	(556,534)	(13,915)
Movement due to foreign exchange translation	-	(559,499)
Transfer to assets held for sale	-	(7,947,290)
Balance at the end of the year	<u>171,507</u>	<u>206,866</u>

¹US\$2,500,000 at 1.34363 AUD:USD due on 1 June 2016

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

9. EXPLORATION AND EVALUATION EXPENDITURE (continued)

The balance carried forward represents projects in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

10. TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade payables	88,565	2,176,262
Accruals	43,525	102,186
	<u>132,090</u>	<u>2,278,448</u>

All current liabilities are expected to be settled within 12 months as they are generally due on 30-60 day terms.

The Group's exposure to credit risk is discussed in Note 17.

11. BORROWINGS

	2016	2015
	\$	\$
Loans (held at amortised cost)	-	100,000
Convertible Notes (held at fair value)	-	314,113
Other financial liabilities	-	1,444,859
	<u>-</u>	<u>1,858,972</u>

The Group does not have any existing borrowings.

12. CONTRIBUTED EQUITY

(a) Share Capital

	2016	2015	2016	2015
	Shares	Shares	\$	\$
Fully paid	76,810,865	58,591,397	10,192,746	8,399,616
Partly Paid	-	21,800,000	-	218,000
Equity raising costs	-	-	(674,044)	(655,658)
	<u>76,810,865</u>	<u>80,391,397</u>	<u>9,518,702</u>	<u>7,961,958</u>

(b) Movements in ordinary shares (including equity raising costs)

2016

Date	Details	Number of	Issue	2016
		shares	price	\$
01/07/15	Balance at 01 July	58,591,397		7,743,958
03/07/15	Shares issued in lieu of corporate advisory services	102,564	\$0.11	11,282

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

12. CONTRIBUTED EQUITY (continued)

23/10/15	Issue of shares on conversion of debt and shares issued to employees and unrelated contractors in satisfaction of remuneration, fees and employee entitlement forgone	1,850,000	\$0.09	173,900
23/10/15	Share issued upon conversion of Convertible Note	3,350,723	\$0.08	250,000
18/03/16	Share issued upon conversion of Convertible Note	8,702,461	\$0.09	750,000
18/03/16	Share issued to former employees and unrelated contractors	1,660,000	\$0.11	182,600
29/04/16	Shares issued upon exercise of options	1,090,000	\$0.20	218,000
23/05/16	Shares issued upon exercise of options	125,000	\$0.15	18,750
25/05/16	Shares issued pursuant to share sale agreement to acquire project	950,000	\$0.15	142,500
14/06/16	Shares issued in settlement of former employee entitlements	250,000	\$0.14	35,000
	Shares issued upon exercise of options	138,720	\$0.08	11,098
	Equity raising costs			(18,386)
30/06/16	Balance at 30 June	76,810,865		9,518,702

(b) Movements in ordinary shares (including equity raising costs)

2015

Date	Details	Number of shares	Issue price	2015 \$
01/07/14	Balance at 01 July	58,092,515		14,481,457
21/07/14	Issue of Facility Fee Shares	217,500	\$0.10	21,750
17/12/14	Shares issued in settlement of deferred employment entitlement	1,015,766	\$0.02	20,315
22/12/14	Share cancellation	(25,000,000)	\$0.30	(7,500,000)
23/01/15	Share issued upon conversion of Convertible Note	23,658,328	\$0.03	701,230
16/06/15	Share issued upon conversion of Convertible Note including securities	607,288	\$0.05	28,567
	Equity raising costs			(9,361)
30/06/15	Balance at 30 June	58,591,397		7,743,958

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

12. CONTRIBUTED EQUITY (continued)

(c) Movements in partly paid shares

Each partly paid share is issued at a price of 20 cents of which \$0.01 is paid on issue with the balance of the issue price payable at the election of the holder at any time within 5 years of issue or the Directors may determine that the balance may become payable at future times in satisfaction of all or part of the unpaid issued price. The partly paid shares were consolidated on 4 April 2016 on a 20:1 basis into 1,090,001 ordinary shares.

2016

Date	Details	Number of shares	Issue price	2015 \$
01/07/15	Balance at 01 July	21,800,000	-	218,000
30/04/16	Consolidation of Partly Paid shares	(21,800,000)	-	(218,000)
30/06/16	Balance at 30 June	<u>-</u>		<u>-</u>

2015

Date	Details	Number of shares	Issue price	2014 \$
01/07/14	Balance at 01 July	21,800,000		218,000
30/06/15	Balance at 30 June	<u>21,800,000</u>		<u>218,000</u>

(d) Ordinary shares

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

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

(e) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt. The Group defines capital as cash and cash equivalents plus equity.

The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios, as the Group has not derived any income from their mineral exploration and currently has no debt facilities in place.

13. RESERVES

	2016 \$	2015 \$
(a) Reserves		
Share-based payments reserve	389,175	115,533
Foreign currency translation reserve	-	(191,382)
	<u>389,175</u>	<u>(75,849)</u>

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

13. RESERVES (continued)

	2016	2015
	\$	\$
Share-based payments reserve		
Balance 1 July	115,533	42,630
Share buy back	-	(42,630)
Share based payments	78,814	115,533
Balance 30 June	<u>194,347</u>	<u>115,533</u>
	2016	2015
	\$	\$
Option reserve		
Balance 1 July	-	-
Options issued	194,828	-
Balance 30 June	<u>194,828</u>	<u>-</u>
	2016	2015
	\$	\$
Foreign currency translation reserve		
Balance 1 July	(191,382)	637,307
Foreign currency translation difference on consolidation		(828,689)
Reclassification of exchange differences on disposal of controlled entities to Profit or Loss	191,382	-
Balance 30 June	<u>-</u>	<u>(191,382)</u>

Nature and purpose of reserves

(i) Share-based payments reserve

The share based payments reserve is used to recognise:

- The fair value of options issued to employees and consultants but not exercised
- The fair value of shares issues to employees

(ii) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(iii) Option reserve

The Share Option Reserve contains amounts received on the issue of options over unissued capital of the company.

14. ACCUMULATED LOSSES

	2016	2015
	\$	\$
Accumulated losses at the beginning of the period	(3,762,620)	(2,759,504)
Net profit/loss attributable to members of the Group	2,510,541	(1,003,116)
Accumulated losses at the end of the financial year	<u>(1,252,079)</u>	<u>(3,762,620)</u>

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

15. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016	2015
	\$	\$
Profit/Loss for the year	2,510,541	(1,003,116)
Gain on disposal of non-current asset	(5,961,525)	(80,891)
Depreciation and amortisation	-	1,157
Finance and interest expense	130,205	495,614
Non-cash employee benefits expense – share-based payments	265,563	(42,630)
Impairment of capitalised expenditure	556,534	13,915
Foreign exchange loss	482,780	
Other (employee benefits)	-	101,206
(Increase)/Decrease in trade debtors and other receivables	2,589,426	(1,693)
Increase in trade creditors and other payables	(2,189,975)	298,925
Net cash outflow from operating activities	<u>(1,616,451)</u>	<u>(217,513)</u>
Non-cash investing and financing activities	-	-

16. REMUNERATION OF AUDITORS

	2016	2015
	\$	\$
Amounts received or due and receivable by the auditors for:		
Audit services:		
BDO Audit (WA) Pty Ltd Audit and review of financial reports under the Corporations Act 2001	49,425	37,380
Non audit services	34,454	9,466
	<u>83,879</u>	<u>46,846</u>

17. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and for the Group arises principally from cash and cash equivalents and receivables.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17. FINANCIAL RISK MANAGEMENT (continued)

All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2016	2015
	\$	\$
Cash and cash equivalents	5,223,618	86,667
Receivables	3,392,185	-
	8,615,803	86,667

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:

Cash and cash equivalents

AA S&P rating	5,223,617	86,667
	5,223,617	86,667

As disclosed in note 8, the company has a receivable due from Xtract Resources PLC that is past due as at 30 June 2016. Subsequent to year end, revised payment terms have been agreed. The company is currently in discussions with Xtract regarding the recovery of the balance as disclosed in note 8. The directors are satisfied that based on the credit quality of the counterparty, the full balance will be received.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Group anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17. FINANCIAL RISK MANAGEMENT (continued)

	Less than 6 months \$	6-12 months \$	1-2 years \$	2-5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount (assets)/ liabilities \$
As at 30 June 2016							
Trade and other payables	132,090	-	-	-	-	132,090	132,090

	Less than 6 months \$	6-12 months \$	1-2 years \$	2-5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount (assets)/ liabilities \$
As at 30 June 2015							
Trade and other payables	2,278,448	-	-	-	-	2,278,448	2,278,448
Loans	100,000	1,444,859	-	-	-	1,544,859	1,544,859
Convertible Notes	-	314,113	-	-	-	314,113	314,113

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group did not have any formal policies in place regarding currency risk during the year as it was not considered significant. This will be monitored as appropriate going forward and introduced as necessary.

The groups exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2016 USD \$	2015 USD \$
Cash and cash equivalents	2,154,705	7,507
Deferred consideration	2,500,000	-
Trade and other receivables	-	-
Trade and other payables	7,040	623,533

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17. FINANCIAL RISK MANAGEMENT (continued)

	2016 GBP \$	2015 GBP \$
Cash and cash equivalents	1,165,020	-

Sensitivity analysis

	2016		2015	
	Foreign exchange risk		Foreign exchange risk	
	+ 1%	- 1%	+ 1%	- 1%
Cash and cash equivalents	21,547	(21,547)	-	-
Trade and other payables	70	(70)	6,235	(6,235)
	21,617	(21,617)	6,235	(6,235)

(ii) Cashflow and interest rate risk

The Group's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Group to cash flow interest rate risk. The Group does not consider this risk to be material and has therefore not undertaken any further analysis of risk exposure for 2016.

(d) Fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Fair value of financial instruments that are not traded in an active market (for example investments in unlisted subsidiaries) is determined using valuation techniques.

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

The carrying amounts are estimated to approximate fair values of financial assets and financial liabilities as follows:

	2016 \$	2015 \$
Financial Assets		
Cash and cash equivalents	5,223,618	86,667
Trade and other receivables	3,392,185	20,086
Total Financial Assets	8,615,803	106,753
Financial Liabilities		
Trade and other payables	132,090	2,278,448
Borrowings	-	1,858,972
Financial liabilities	-	-
Total Financial Liabilities	132,090	4,137,420

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17. FINANCIAL RISK MANAGEMENT (continued)

Cash/financial liabilities and loans

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/payables

Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to their short term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value.

Refer to note 18 for further details.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Due to their short term nature, the carrying values of all of the Group's financial assets and liabilities is assumed to be their fair value. That is, there are no financial assets or financial liabilities measured using the fair value hierarchy.

19. SEGMENT INFORMATION

Management has determined that the Group has two reportable segments, being mineral exploration in Mozambique and Western Australia, which is based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Segment information relating to the reportable segment being mineral exploration in Mozambique and Western Australia is outlined below.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

19. SEGMENT INFORMATION (continued)

2016	Mozambique	Western Australia	Total
	\$	\$	\$
Revenue from external sources	-	-	-
Reportable segment profit / (loss)	5,114,170	-	5,114,170
Reportable segment assets	-	169,502	169,502
Reportable segment liabilities	-	-	-
Reconciliation of reportable segment profit or loss			
Reportable segment profit /(loss)			5,114,170
Other income	-	-	-
Unallocated:			
Other income			43,893
Depreciation expense			-
Director benefits			(18,887)
Share buy-back			-
Employee benefits			(25,000)
Other expenses			(2,603,635)
Profit before tax			<u>2,510,541</u>

2015	Mozambique	Western Australia	Total
	\$	\$	\$
Revenue from external sources	-	-	-
Reportable segment profit / (loss)	-	-	-
Reportable segment assets	7,986,196	167,960	8,154,156
Reportable segment liabilities	(1,420,842)	-	(1,420,842)
Reconciliation of reportable segment profit or loss			
Reportable segment profit /(loss)			-
Other income			81,791
Unallocated:			
Depreciation expense			(1,157)
Director benefits			(48,000)
Share buy-back			42,630
Employee benefits			-
Other expenses			(1,078,380)
Loss before tax			<u>(1,003,116)</u>

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

19. SEGMENT INFORMATION (continued)

Other Segment Information

	2016	2015
	\$	\$
Total segment revenue	42,715	80,891
Interest revenue	1,178	900
Total revenue from continuing operations	43,893	81,791

Segment assets are reconciled to total assets as follows:

Segment assets	169,505	8,154,156
Unallocated:		
Cash and cash equivalents	5,223,618	86,667
Trade and other receivables	3,392,763	20,086
Mineral exploration and evaluation	2,001	-
Total assets as per the statement of financial position	8,787,887	8,260,909

Segment liabilities are reconciled to total liabilities as follows:

Segment Liabilities	-	1,420,842
Unallocated:		
Trade and other payables	132,090	857,606
Borrowings	-	1,858,972
Total liabilities as per the statement of financial position	132,090	4,137,420

20. SHARE BASED PAYMENT TRANSACTIONS

Share Based Payments

(a) Options

There have been no options issued to current directors and executives as part of their remuneration.

On 23 October 2015 1,000,000 unlisted options were issued during the year to a third party contractor as compensation for extended payment terms. The options have an exercise price of 10 cents each and expire on 23 October 2018.

On 17 March 2016 300,000 options were issued during the year to a third party contractor as settlement of fees outstanding. The options have an exercise price of 10 cents each and expire on 17 March 2018.

The unlisted option reserve records items recognised on valuation of director, employee and contractor share options as well as share options issued during the course of a business combination. Information relating to the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 13.

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

20. SHARE BASED PAYMENT TRANSACTIONS (continued)

The inputs to the model used were:

23 October 2015

Dividend Yield	-
Expected volatility (%)	100
Risk-free interest rate (%)	2.0
Expected life of options (years)	3.0
Option exercise price (\$)	0.10
Share price at grant date (\$)	0.094
Value of option (\$)	0.0576

17 March 2016

Dividend Yield	-
Expected volatility (%)	100
Risk-free interest rate (%)	2.0
Expected life of options (years)	3.0
Option exercise price (\$)	0.10
Share price at grant date (\$)	0.11
Value of option (\$)	0.070

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Employee Share Plan

The Auroch Minerals Limited Employee Share Plan is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

21. DIVIDENDS (continued)

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions.

Numbers of Employee Shares were issued this year is nil (2015: nil).

There were no dividends paid or declared by the Group during the year (2015: Nil).

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

22. EVENTS OCCURRING AFTER REPORTING DATE

On 4 July 2016 the Company advised that it had conducted final due diligence investigations on the Hombolo Lithium Project. Assay Results from due diligence sampling conducted in May across the Hombolo Ground package yielded disappointing results and showed no significant anomalism across the tenement package outside the historic open pit workings within the Primary Mining Licences.

Subsequent to the Period on 20 July 2016 the Company advised it had entered into a deed of settlement with Xtract Resources Plc (Xtract) with respect to the US\$2.5 million deferred consideration payable by Xtract to the Company (Settlement Deed).

Subject to the Xtract's compliance with the Settlement Deed, the Company agreed to refrain from taking legal action against Xtract to enforce its obligation under the Sale Agreement to pay the Deferred Consideration on the following conditions:

- Xtract to make a first instalment payment of US\$750,000 by 19 July 2016 (this has been paid); and
- Xtract to make a second and final payment of US\$1,785,671.86 by 12 August 2016 (Second Instalment), which includes interest over the period 1 June 2016 to 19 July 2016, and interest on the Second Instalment over the period 20 July 2016 to 12 August 2016.

On 26 August 2016 the Company advised that pursuant to the Settlement Deeds terms, the Company received the first instalment payment of US\$750,000 and had also received \$100,000 of the Second Instalment. The Company is in discussions with Xtract with regards to final settlement of the remaining US\$1,685,671.86.

23. CONTINGENCIES

Contingent Liabilities

The Group had no other material contingent assets or liabilities at 30 June 2016.

Commitments

The Group had no material commitments at 30 June 2016.

24. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of Incorporation	Class of shares	Note	Equity holding 2016	Equity holding 2015
Auroch Minerals Mozambique Pty Ltd ¹	Australia	Ordinary		100%	100%
Explorator Limitada ²	Mozambique	Ordinary	28	-	100%
Mistral Resource Development Corporation Limited ³	British Virgin Isles	Ordinary	28	-	100%
Auroch Minerals SA Proprietary Limited ⁴	South Africa	Ordinary		100%	100%

¹ Holding company for Mistral Development Corporation Ltd.

² Holder of the Manica Mining Concession 3990C.

³ Holding company for 98% of Explorator Limitada.

⁴ Dormant subsidiary.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

25. RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity within the Group is Auroch Minerals Limited. The ultimate parent entity and ultimate controlling party is Auroch Minerals Limited (incorporated in Australia) which at 30 June 2016 owns 100% of the issued ordinary shares of the above subsidiaries.

(b) Subsidiaries

Interests in subsidiaries are set out in note 24.

(c) Key management personnel

(i) Key Management Personnel Compensation

	2016	2015
	\$	\$
Short-term employee benefits	326,585	535,064
Post-employment benefits	-	-
Share-based payments	16,450	-
	343,035	535,064

(ii) Other transactions with Key Management Personnel

Mr Nicholas Ong is a director of Minerva Corporate Pty Ltd. During the period ended 30 June 2016 the Company was providing consultancy, company secretarial, accounting and administration and registered office services to Auroch Minerals Limited. In accordance with the services agreement the monthly charge for these services is \$8,000 per month. Payments to Minerva Corporate Pty Ltd during the relevant period total \$116,500 (2015: \$99,000). The amounts owed to Minerva Corporate Pty Ltd as at 30 June 2016 was \$9,000 (2015: \$132,061).

Loan received from Glenn Whiddon (Executive Director) during the period to fund the groups working capital commitments. The loan was repayable within 7 business days' following written notice by the Lender to the Borrower. Interest was payable at 9.25% per annum on repayment date. Should interest not be paid then the interest rate increased to 12%. This loan was repaid by the group in the form of Xtract shares.

During the period Mr Glenn Whiddon and his associated entities converted convertible loans totalling \$300,000 into 3,636,294 ordinary shares and 1,818,147 options exercisable at \$0.08 on or before 31 December 2018 pursuant to shareholder approval obtained on 15 October 2015.

During the period Mr Matthew Foy was issued 175,000 ordinary shares in lieu of fees subject to shareholder approval obtained 15 October 2015.

During the period Mr Andrew Tunks was issued 500,000 ordinary shares in lieu of fees.

(d) Outstanding balances arising from sales/purchases of goods and services

There is an outstanding balance arising from services provided by Minerva Corporate Pty Ltd of \$9,000. Mr Nicholas Ong was a director of Auroch Minerals Limited and a director of Minerva Corporate Pty Ltd during the period.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

26. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Auroch Minerals Limited, at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

ASSETS	2016	2015
	\$	\$
Current Assets	3,474,168	96,380
Non-Current Assets	171,507	8,397,946
TOTAL ASSETS	3,647,675	8,494,326
Current Liabilities	132,090	4,137,420
Non-Current Liabilities	-	-
TOTAL LIABILITIES	132,090	4,137,420
Contributed equity	9,518,702	7,961,958
Reserves	253,937	115,533
Accumulated losses	(6,257,054)	(3,720,585)
TOTAL EQUITY	3,515,585	4,356,906
Loss for the year	(2,545,959)	(1,004,232)
Other Comprehensive loss for the year	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(2,545,959)	(1,004,232)

At reporting date the parent entity has nil guarantees and contingent liabilities (2015: Nil).

27. DISCONTINUED OPERATIONS

Sale of Manica Gold Project

On 30 June 2015 the Company advised it had entered into a binding agreement to sell 100% of the Manica mining Concession 3990C to AIM-listed Xtract Resources Plc (**Xtract** or **XTR**) for total sale consideration of US\$10 million in a combination of cash and equity in Xtract, plus the assumption of project related creditors of up to US\$1.5 million (**Agreement**).

The Agreement was conditional upon Auroch obtaining prior consent of the Government of Mozambique through the Ministry of Mineral Resources and Energy to the extent required under the Mozambique Mining Act and other applicable laws relating to the change of control of the Company's subsidiary and communicating such change of control to the Mozambican mining authorities. Completion of the Agreement was also subject to Auroch obtaining shareholder approval under ASX Listing Rule 11.2 for the sale of the Manica Mining Concession and Xtract obtaining approval for the admission of the Consideration Shares to trading on AIM.

On 2 March 2016 the Company advised that final approval had been received under the Mozambique Mining Act from the Mozambique Mining Act from the Mozambican mining authorities in addition to the earlier approvals from the Central Bank and the Ministry of Taxation, permitting the completion of the sale of 100% of the Manica Gold Project to Xtract (**Completion**).

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

27. DISCONTINUED OPERATIONS (continued)

The final terms of the Agreement with Xtract are as follows:

- Cash payment at Completion of ~A\$4.2 million¹ (US\$3.0 million); and
- Issue of 1,137,258,065 XTR Shares (currently valued at ~A\$4.22 million²) (**Completion Consideration**).

Consideration to be paid 3 months post Completion:

- Deferred cash consideration of ~A\$3.5million³ (US\$2.5 million) payable as follows:
 - US\$1.3 million cash; and
 - the remaining US\$1.2 million will be payable in cash or XTR Shares (at Auroch's election), issued at a 20% discount to the 10-day VWAP prior to Auroch's election.

	2016	2015
	\$	\$
Results of discontinued operations		
Revenue	-	-
Cost of sales	-	-
Other expenses	(5,345)	1,116
Results from operating activities	(5,345)	1,116
Income tax (expense)/benefit	-	-
Results from operating activities after tax	(5,345)	1,116
Gain on sale of subsidiary assets (i)	5,966,870	-
Profit on sale of discontinued operations	5,961,525	1,116

(i) Gain on sale of subsidiary assets

	2016
	\$
Assets and liabilities disposed of	
Cash and cash equivalents	163,900
Exploration asset	5,828,628
Trade and other payables	(132,459)
Foreign exchange reserve	394,773
	6,254,842
Sale consideration	
Cash	5,968,720
Deferred consideration	3,359,075
Xtract Plc shares (net proceeds)	2,893,917
	12,221,712
Gain on sale of subsidiary assets	5,966,870

¹ Assumes 1 US Dollar equals 1.40 Australian Dollars

² Assumes 1 British Pound equals 1.95 Australian Dollars and an Xtract share price of £0.0019

³ Assumes 1 US Dollar equals 1.40 Australian Dollars

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

27. DISCONTINUED OPERATIONS (continued)

	2016	2015
	\$	\$
Cashflows gained from/(used in) discontinued operations		
Net cash gained from investing activities	4,480,717	-
Net cash flow for the year	<u>4,480,717</u>	<u>-</u>

AUROCH MINERALS LIMITED

DIRECTORS' DECLARATION

AUROCH MINERALS LIMITED

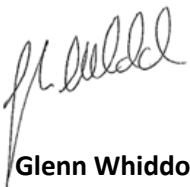
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DECLARATION BY DIRECTORS

The directors of the Group declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated Group.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2016, comply with section 300A of the Corporations Act 2001.
4. The Group has included in the notes to the financial statements and explicit an unreserved statement of compliance with International Financial Reporting Standards.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Glenn Whiddon

Chairman

Perth, Western Australia

30 September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Auroch Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Auroch Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Auroch Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Auroch Minerals Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 16 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Auroch Minerals Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', with the BDO logo above it.

Dean Just

Director

Perth, 30 September 2016

AUROCH MINERALS LIMITED

ADDITIONAL INFORMATION

The following additional information is required by the ASX in respect of listed public companies.

Information as at 14 September 2016

(a) Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 - 1,000	9
1,001 - 5,000	29
5,001 - 10,000	63
10,001 – 100,000	366
100,001 and above	102
Total	569

(b) The number of shareholdings held in less than marketable parcels is 30.

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(d) 20 Largest Shareholders — Ordinary Shares as at 14 September 2016.

Rank	Holder Name	Designation	Securities	%
1	MED BRAVO SA		12,707,432	16.54%
2	6466 INV PL		5,048,333	6.57%
3	HSBC CUSTODY NOM AUST LTD		3,494,177	4.55%
4	MIMO STRATEGIES PL	MIMO A/C	2,961,318	3.86%
5	NORTON MATTHEW J + R F	NORTON FAM SUPER A	2,938,121	3.83%
6	CELTIC CAP PL	CELTIC CAP A/C	2,000,000	2.60%
7	WHIDDON GLENN ROSS		1,534,976	2.00%
8	IBT HLDGS PL	IBT HLDGS FAM A/C	1,500,000	1.95%
9	SMITH PETER S + D P	MONTARA S/F A/C	1,308,333	1.70%
10	BROWN BRICKS PL	HM A/C	1,277,227	1.66%
11	KOBIA HLDGS PL		1,150,000	1.50%
12	RAINMAKER HLDGS WA PL	MACRI INV A/C	1,140,000	1.48%
13	GREGORACH PL		1,000,000	1.30%
14	TYCHE INV PL		1,000,000	1.30%

AUROCH MINERALS LIMITED

ADDITIONAL INFORMATION

15	REID BRENDAN HENRY + M M	REID FAM S/F A/C	1,000,000	1.30%
16	KABUNGA HLDGS PL	KABUNGA FAM A/C	950,000	1.24%
17	ENDEAVOUR FINCL LTD CAYMA		750,000	0.98%
18	TURNILL JUSTIN PAUL		600,000	0.78%
19	BLU BONE PL		574,610	0.75%
20	JDK NOM PL	KENNY CAP A/C	574,610	0.75%
		Top 20 Total	43,509,137	56.64%
		Total Remaining Balance	33,301,728	43.36%
		Grand Total	76,810,865	100.00%

(e) Substantial Shareholders (i.e. shareholders who hold 5% or more of the issued capital):

Name	Number of Shares Held	Percentage
Med Bravo SA	12,707,432	16.54%
Glenn Ross Whiddon	6,673,309	8.69%

(f) The name of the Company Secretary is Mr Matthew Foy.

(g) The address of the principal registered office is Office J, Level 2, 1139 Hay St West Perth WA 6005 Telephone (08) 9486 4036.

(h) Registers of securities are held at Security Transfer Registrars Ltd, 770 Canning Highway, Applecross WA 6153.

(i) Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Ltd.

(j) Unquoted Securities

Number	Terms
300,000	Options exercisable at \$0.10 on or before 17 March 2018
1,000,000	Options exercisable at \$0.10 on or before 23 October 2018
20,394,650	Options exercisable at \$0.20 on or before 23 October 2018
5,295,402	Options exercisable at \$0.08 on or before 31 December 2018

(k) Securities Subject to Escrow

Nil.

(l) Unquoted Equity Securities Holders with Greater than 20% of an Individual Class

Options exercisable at \$0.10 on or before 17 March 2018

Percentage Held	Name	Number of Securities held
100%	S3 Consortium Pty Ltd	300,000

AUROCH MINERALS LIMITED

ADDITIONAL INFORMATION

Options exercisable at \$0.10 on or before 23 October 2018

Percentage Held	Name	Number of Securities held
100%	Titan Drilling International Limited	1,000,000

Options exercisable at \$0.08 on or before 31 December 2018

Percentage Held	Name	Number of Securities held
22%	Celtic Capital Pty Ltd	1,149,220
22%	MIMO Strategies Pty Ltd	1,180,659

(m) Corporate Governance Statement

The Company's Corporate Governance Statement is available on the Company's website at:

<http://www.aurochminerals.com/about-us/corporate-governance/>