CAPRICORN METALS LTD

Annual Report to Shareholders

30 June 2016

ABN 84 121 700 105

Corporate Directory

Directors

Guy LeClezio – Non-Executive Chairman
Peter Thompson – Managing Director
Peter Langworthy – Executive Technical Director
Heath Hellewell – Non-Executive Director

Joint Company Secretaries

Graeme Boden
Natasha Forde

Principal Place of Business

1 Coventry Parade
NORTH FREMANTLE WA 6159

Registered Office

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MOUNT CLAREMONT WA 6010

Madagascar Office

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Ampandrianomby – Antananarivo 101
MADAGASCAR
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Facsimile: +261 20 22 591 32

Share Registry

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APPLECROSS WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Auditor

William Buck Audit (WA) Pty Ltd
Level 3, 15 Labouchere Road
SOUTH PERTH WA 6151

Solicitors to the Company

Steinepreis Paganin
Level 4, The Read Building
16 Milligan Street
PERTH WA 6000

Securities Exchange Listing

Australian Securities Exchange
ASX Code: CMM

Annual General Meeting

The Annual General Meeting of Capricorn Metals Ltd will be held in the President's Room, The Celtic Club, 1st Floor, 48 Ord Street, West Perth Australia at 9 am on Friday 25th November 2016.

Web Site

Visit our website at: www.capmetals.com.au

Registered under the Corporations Act 2001 in the State of Western Australia on 22nd September 2006

Contents

OPERATIONS REVIEW

Highlights

- The acquisition of the Karlawinda Project through the purchase of all of the shares in Greenmount Resources Pty Ltd.
- Capital raisings of $1.5m at 3.3c per share and $12.6m at 13c per share to fund the exploration and development studies at Karlawinda.
- Completion of a 10,000m Reverse Circulation drilling programme at the Bibra deposit, Karlawinda, with mineralisation intersected in every hole, leading to a substantial resource upgrade.
- Resource upgrade for the Bibra deposit, with the addition of 40% more ounces at the same grade, the new Inferred Resource containing 25,500,000 tonnes @ 1.1g/t for 914,000 ounces, to a depth of 240m.

Exploration Projects

KARLAWINDA GOLD PROJECT *(AS AT THE TIME OF ACQUISITION)*

Summary

- Bibra Deposit - JORC 2012 Inferred resource at: **18mt @ 1.1g/t Au for 650,800oz Au (COG 0.5g/t)**
- Potential for near term open pit production: approximately $12 million already spent on resource evaluation and pre-feasibility study activities.
- Thick, flat lying gold mineralized structure amenable to low cost open pit mining with mineralization starting close to surface. No previous mining.
- Located close to key infrastructure and mining support services.
- Large scale potential within an unexplored Archean greenstone belt to significantly add to the resource base in the near term:
  - **Bibra Gold Deposit**: gold mineralization remains open in down plunge positions and potential exists for strike extensions and stacked mineralized gold lodes. Large areas of defined mineralization are not included in the JORC resource.
  - **Francopan Prospect**: drilling intersections up to 5km away from the Bibra Deposit include 81m @ 1.2g/t Au (includes 15m @ 3g/t Au) and 37m @ 1.9g/t Au.
  - **Regional Exploration:** largely limited to reconnaissance aircore drilling. Number of defined high priority targets for immediate testing. Potential for a large-scale mineralized system.

Location

The Karlawinda Gold Project is located approximately 65 km south of Newman in the Pilbara Province of Western Australia (Figure 1). The main access route is via the Great Northern Highway and the Weelarrana Station (unsealed) access road and station tracks within Weelarrana Station. The Pilbara-Goldfields Gas Pipeline is located 50km to the west of the main project area.

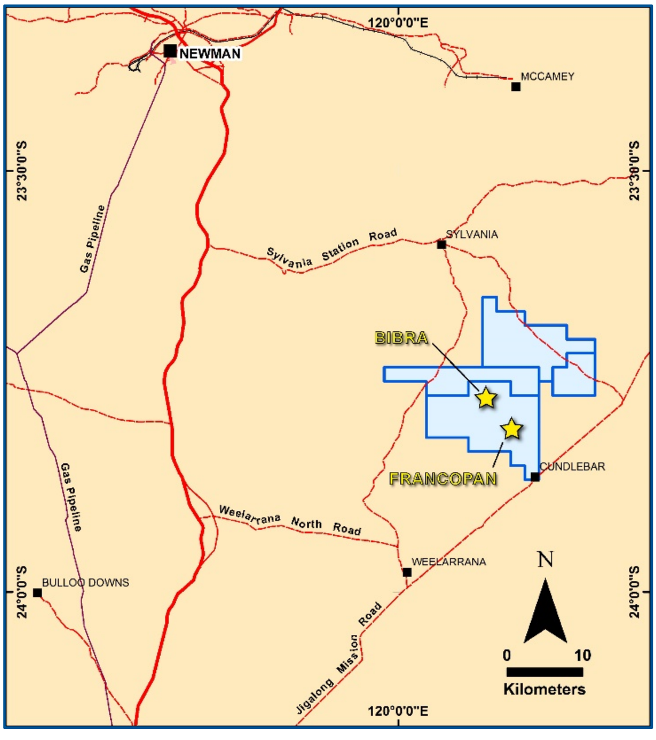

Figure (1) – Karlawinda Gold Project Location Plan

Tenements

The main project area is made up of four granted exploration licences that cover an area of approximately 290km sq. (Figure 2). The tenements cover a large area of the Sylvania Dome, an under-explored Archaean aged outlier on the margin of the Pilbara Craton. The southern part of the project is covered by the Proterozoic Bangemall Basin.

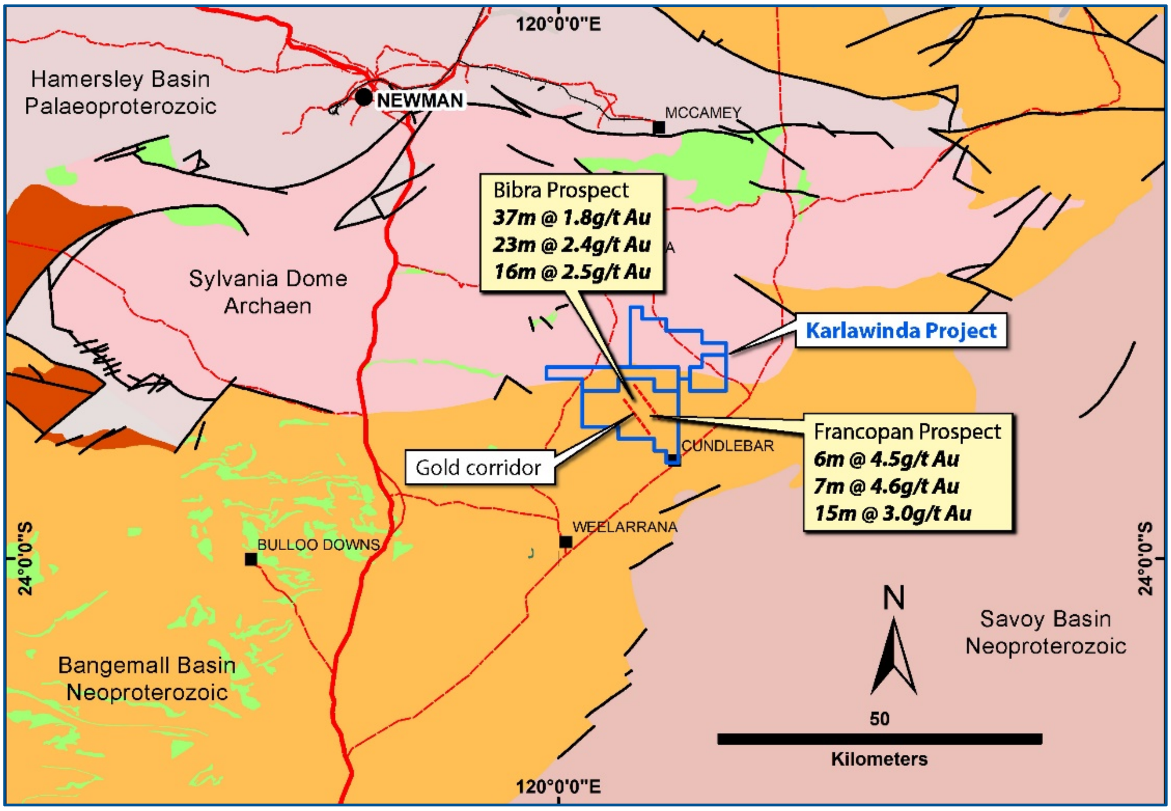

Figure (2) – Karlawinda Gold Project Tenement and Geology Plan

Previous Work

Gold mineralization at the Francopan Prospect was originally discovered by WMC Resources Ltd in 2005. The project was subsequently acquired by Independence Group (IGO) in 2008 resulting in the discovery of the significant Bibra Gold Deposit in 2009.

Since the discovery of the Bibra Gold Deposit by IGO approximately $12 million had been spent by IGO on resource evaluation activities (RC and diamond drilling, assays, geotechnical assessments and resource modelling), scoping study activities (Including: metallurgical test work, conceptual mining designs, hydrology, baseline environmental studies, CIL process plant design and power supply), and initial programs of regional exploration (aircore drilling, geochemical surveys and geophysical survey).

In addition, the project area has been the subject of Heritage Surveys with a number of Heritage Agreements in place.

Bibra Gold Deposit

The Bibra Gold Deposit is part of a large-scale Archaean aged gold mineralized system. The resource is hosted within a package of deformed meta-sediments that has developed on at least two parallel, shallow dipping structures; oxide mineralization has developed over the structures from surface to a depth of approximately 60m. The primary mineralization is strata-bound with lineations likely controlling higher-grade shoots.

A JORC 2012 inferred resource of **18 million tonnes @ 1.1g/t Au for 650,800oz Au** was estimated by IGO and subsequently reviewed by independent consultants. There is a substantial amount of gold mineralization drilled in close proximity to the existing resource that had the potential to be upgraded with a limited amount of infill drilling. Scope exists for major expansions of the resource down plunge and to a lesser extent along strike with additional drilling (Figure 3a, 3b and 3c).

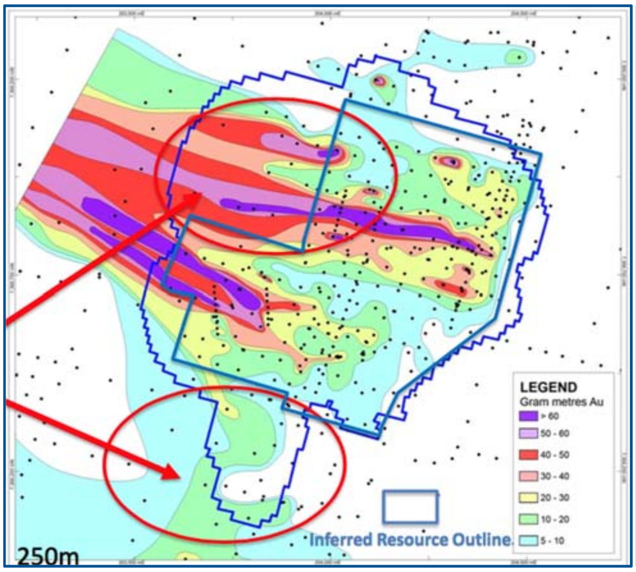

Figure (3a) – Bibra Gold Deposit

This diagram shows drill locations and calculated gram X metre thickness contours. Areas highlighted have potential in the near term to provide significant additions to the resource.

The resource drilling is a combination of RC and diamond with a nominal spacing of 100m X 50m.

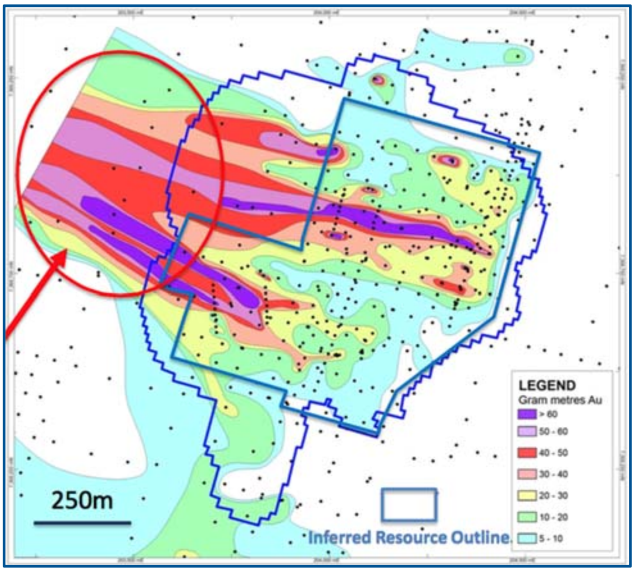

Figure (3b) – Bibra Gold Deposit

This diagram highlights the potential to significantly increase the Bibra Resource in the down-plunge position. The focus will be on defining high-grade shoots within the broader mineralized envelope.

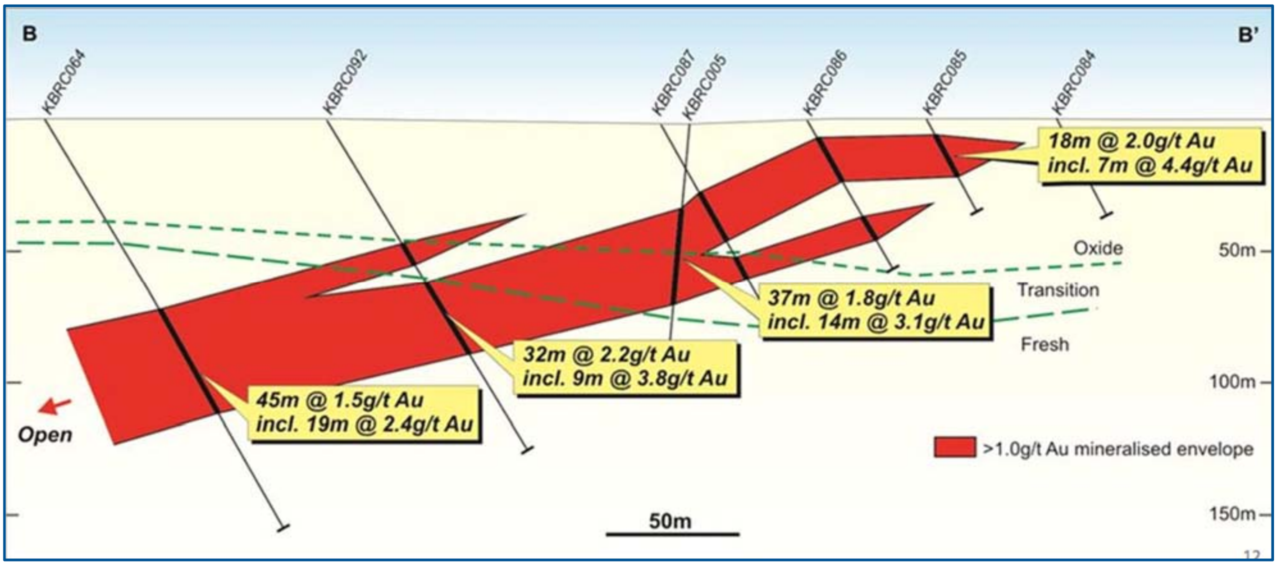

Figure (3c) – Bibra Gold Deposit Interpreted Cross Section

(Diagram from IGO 2011 Diggers and Dealers Presentation)

Francopan Gold Prospect

The Francopan Gold Prospect is located approximately 5km south east of the Bibra Gold Deposit (Figure 4) and demonstrates the potential size of the gold mineralizing system at Karlawinda. The mineralization is covered by the northern margin of the Bangemall Basin.

Limited broad spaced drilling beneath the cover sequence has intersected broad zones of mineralization containing narrower higher-grade intervals (Figure 5). Francopan will be targeted to define the size of the mineralized system, determine whether there is a connection with the Bibra Deposit and identify high-grade areas that can be assessed for underground mining opportunities.

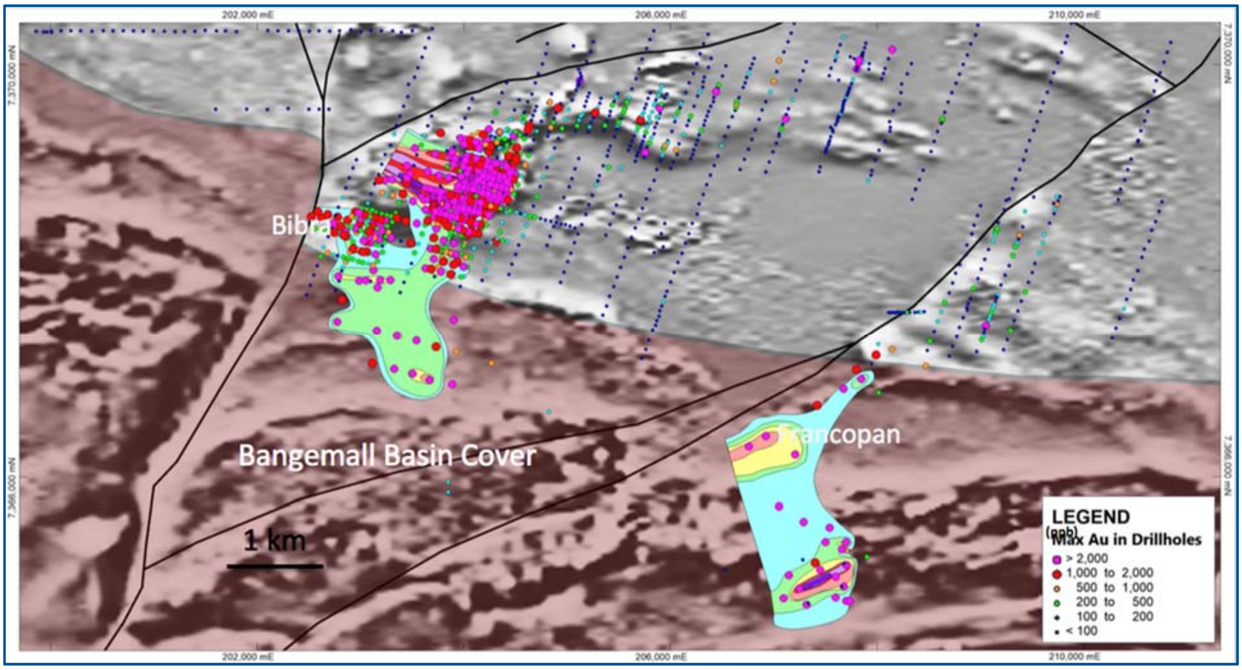

Figure (4) – Karlawinda Gold Project Prospect Location Plan

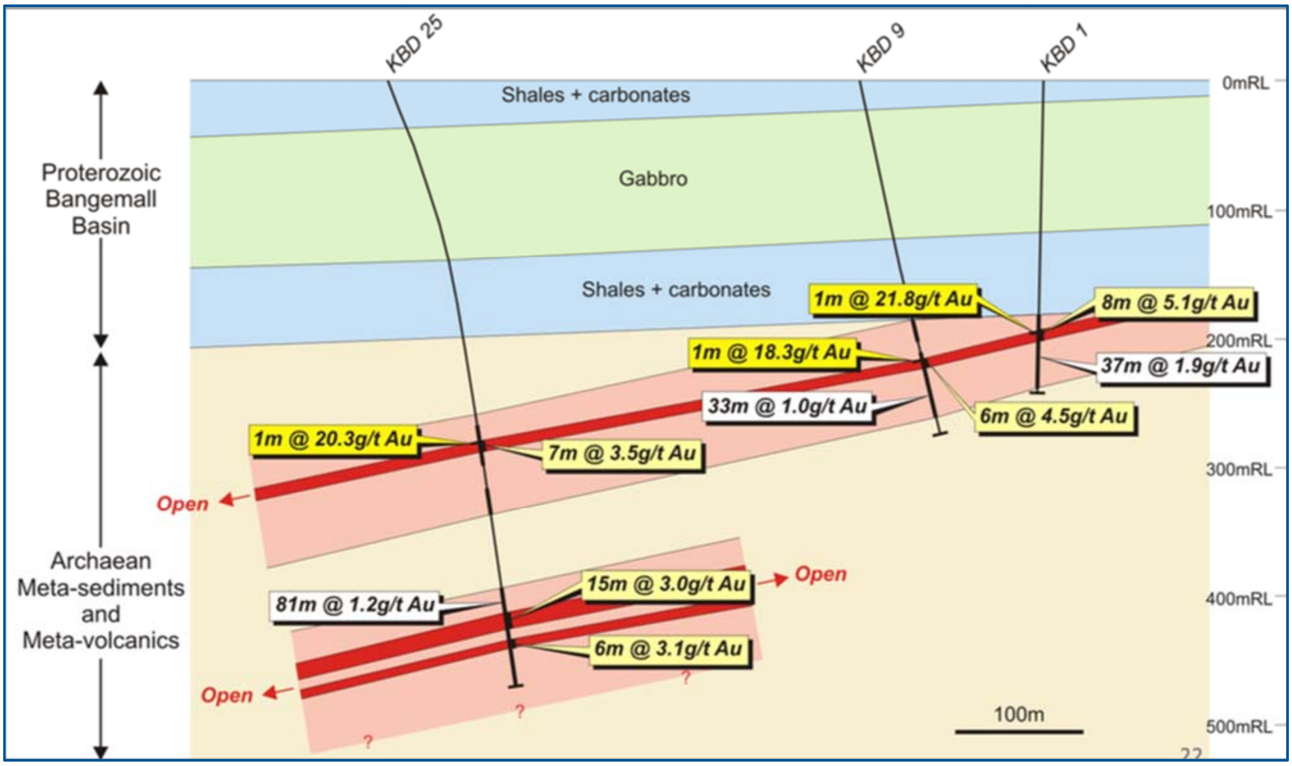

Figure (5) – Francopan Prospect Interpreted Geological Cross Section

Regional Exploration Potential

The Karlawinda Project remains largely unexplored. Since the discovery of the Bibra Deposit the focus has largely been on detailed assessment of that resource. Regional exploration remains at an early stage and is limited to wide spaced aircore drilling, surface geochemistry and programs of geophysics.

Despite the limited nature of the regional exploration a series of priority targets have been identified for immediate follow-up work. Results of over 2g/t Au have been returned from shallow aircore drilling (Figure 4).

CAPRICORN ACTIVITIES AT KARLAWINDA IN 2016

Following the acquisition of Greenmount in February 2016, Capricorn took control of the Karlawinda Gold Project, and immediately embarked on a strategy to fast-track its development, with the key elements of this program including:

- Compilation and validation of all drill-hole information into a Datashed database;
- Establishment of strict QA/QC protocols, planning for, tendering and completion of a 10,000m RC drilling programme designed to extend the 650,800 oz Bibra resource: and
- The appointment of Mr Neville Bergin as a dedicated Project Manager for a Scoping Study of the Bibra deposit. Significant progress was made on this Scoping Study, building on comprehensive work by previous project owners. The Scoping Study was completed during July 2016.

BIBRA RC DRILLING PROGRAMME

Extensional RC drilling on a 50 x 50m grid was completed at Bibra at the end of May 2016; in total, 47 holes for a total of 9,642m were completed, with ore-grade intersections reported from all holes. Bibra drill-hole results include:

- KBRC 299: 18 metres @ 1.10g/t Au from 129m

  3 metres @ 6.21g/t Au from 163m (EOH)
- KBRC 300: 11 metres @ 1.12g/t Au from 152m

  2 metres @ 7.45g/t Au from 177m (EOH)
- KBRC 305: 18 metres @ 1.06g/t Au from 146m
- KBRC 306: 15 metres @ 1.01g/t Au from 146m
- KBRC 307: 16 metres @ 1.15g/t Au from 157m
- KBRC 311: 24 metres @ 1.01g/t Au from 52m
- KBRC 315: 11 metres @ 1.21g/t Au from 212m
- KBRC 316: 19 metres @ 1.33g/t Au from 20m
- KBRC 317: 23 metres @ 1.08g/t Au from 213m
- KBRC 319: 12 metres @ 1.64g/t Au from 206m
- KBRC 320: 18 metres @ 1.01g/t Au from 183m
- KBRC 324: 26 metres @ 1.48g/t Au from 231m;

  6 metres @ 2.49g/t Au from 270m
- KBRC 325: 25 metres @ 1.05g/t Au from 264m;

  14 metres @ 1.12g/t Au from 296m
- KBRC 326: 22 metres @ 1.10g/t Au from 236m
- KBRC 328: 13 metres @ 1.63g/t Au from 171m
- KBRC 330: 22 metres @ 1.36g/t Au from 178m;

  19m @ 1.33g/t Au from 20m

RC Drilling, Bibra, May 2016

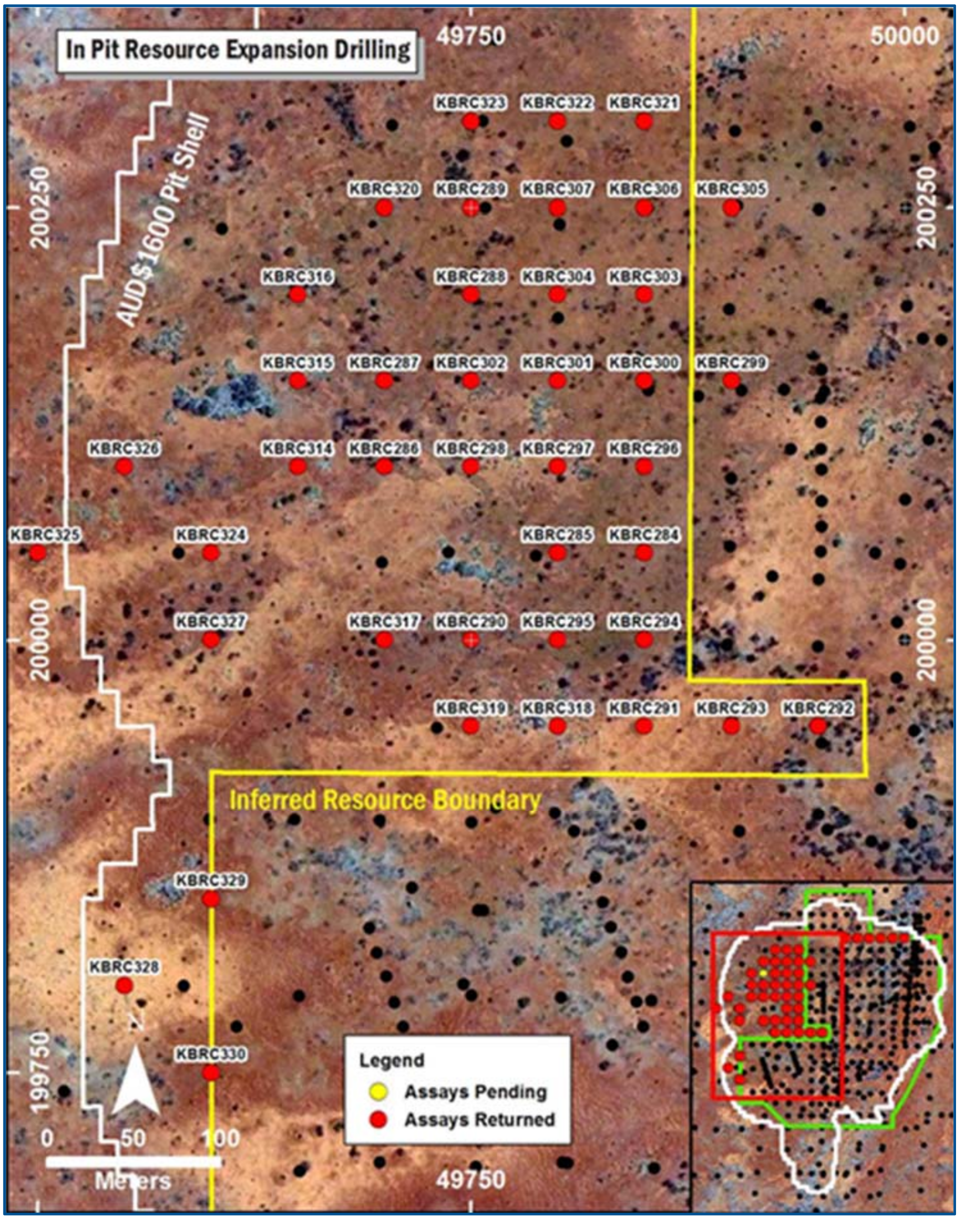

Figure (6): Plan of completed drilling, Bibra deposit, Karlawinda Gold Project

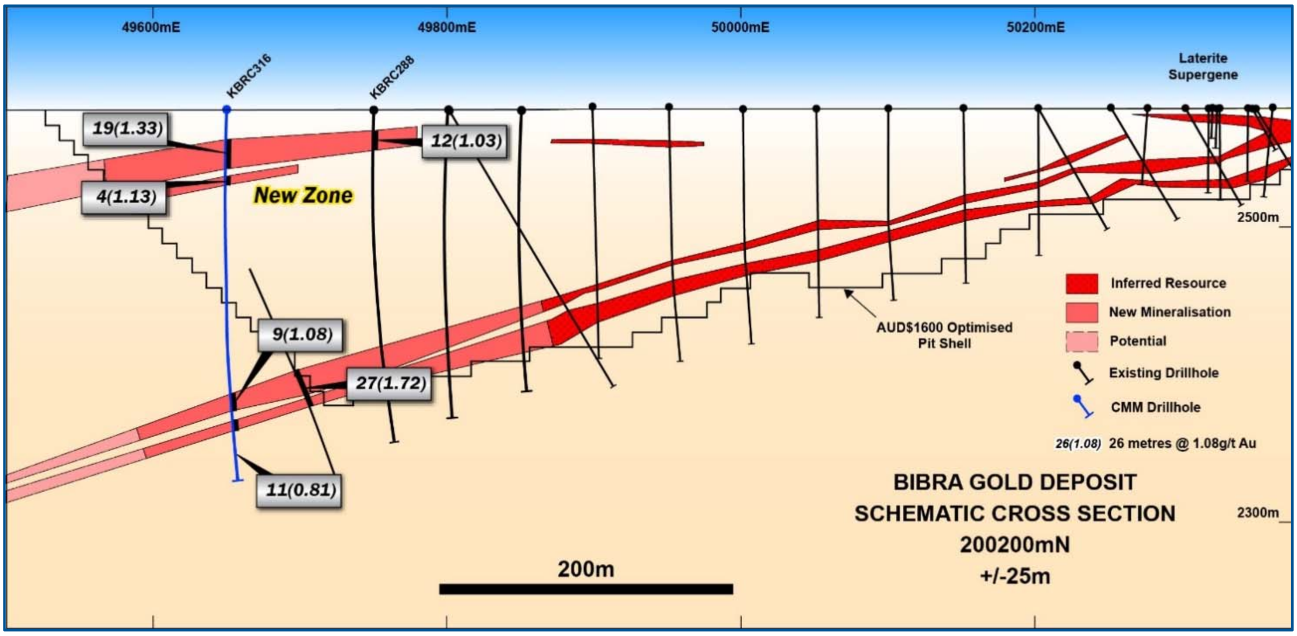

Figure (7a): Bibra Gold Deposit Schematic Cross Section (200200N), 2016 Intersections Labelled

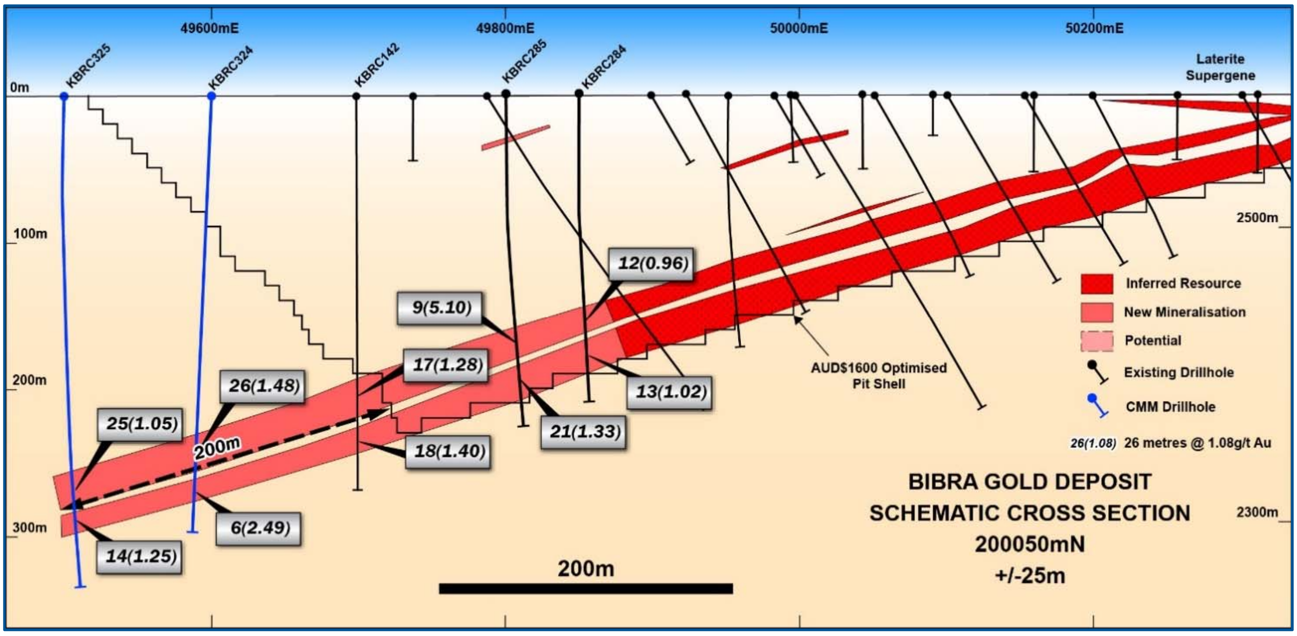

Figure (7b): Bibra Gold Deposit Schematic Cross Section (200050N), 2016 Intersections Labelled

Bibra Resource Update

An updated Inferred Resource for the Bibra deposit was estimated, following completion of RC drilling in May 2016. The updated, 914,000 ounce Bibra Inferred Resource, which represents a 40% increase over the previously published (2013) Inferred Resource estimate is based on a Whittle optimised open pit using a gold price of A$1750/ounce.

The June 2016 Inferred Resource for the Bibra gold deposit reported **25,500,000 tonnes @ 1.1g/t for 914,000 ounces of contained gold** (see Capricorn ASX release dated 4 July 2016). The resource is reported at a 0.5g/t Au cut-off grade and is constrained within an optimized open pit shell using a gold price of A$1750/oz.

The Bibra JORC-2012 compliant Inferred Resource Estimate as at 30 June 2016, is as follows:

TABLE (1): Bibra Gold JORC Open Pit Inferred Resource Estimate			
Domain	**Tonnes**	**Grade (g/t Au)**	**Ounces**
Laterite	2,100,000	1.3	85,000
Saprolite	4,300,000	1.0	142,000
Transition	1,500,000	1.2	58,000
Fresh	17,600,000	1.1	629,000
TOTAL	**25,500,000**	**1.1**	**914,000**

Notes on the Inferred Mineral Resource:
1. Refer to JORC 2012 Table (1) in Appendix 1 of ASX release 4th July 2016 for full details.
2. Discrepancy in summation may occur due to rounding.
3. The mineralisation has been wireframe modelled using a 0.3g/t Au assay cut-off grade. The resource estimate has been reported above a block grade of 0.5g/t Au.
4. The resource has been constrained by a A$1750/ounce conceptual optimal pit shell.
5. Ordinary Kriging was used for grade estimation utilising Surpac software v6.6.2.
6. Grade estimation was constrained to blocks within each of the mineralisation wireframes.

As at 30 June 2014, the Bibra JORC-2012 compliant Inferred Resource Estimate, reported by Independence Group NL (see Capricorn ASX release dated 6 November 2015), was as follows:

Table (2): Mineral Resource - Reported at a 0.5g/t Au cut off grade			
Classification	**Tonnes (Mt)**	**Au g/t**	**Contained Au (Oz)**
Measured	--	--	--
Indicated	--	--	--
Inferred	18	1.1	650,800
TOTAL	**18**	**1.1**	**650,800**

Notes on the Inferred Mineral Resource:

1. The Mineral Resource estimate was estimated within a conceptual A$1,600/oz Au pit shell completed in 2012 and for the area of drill coverage at 100m x 50m spacing or less. Contained gold (oz) figures have been rounded to the nearest one hundred ounces.
2. The Mineral Resource has been unchanged since 2013.
3. Mostly RC drilling with 1m cone split samples analysed by 50g fire assay. Diamond drilling has been completed in areas through the resource as a check on the RC and to provide structural information.
4. Mineralisation was wireframed at a cut-off grade of 0.3g/t Au and Mineral Resources were reported above a cut-off grade of 0.5g/t Au.
5. Block modeling used ordinary kriging grade interpolation methods for composites that were top-cut to 10g/t Au in the supergene zone and 16g/t Au for the remaining mineralization. Top cuts are not severe, trimming no greater than 0.5% of the samples.
6. There are no Ore Reserves for Karlawinda.

Key points identified, from work to update the resource include:

- The gold content of the Inferred Resource has increased by 263,000oz (or 40%) from the previous estimation.
- When directly compared with the previous Inferred Resource of 650,000oz, reported at a A$1600/oz gold price, the resource increased by approximately 154,000oz. An additional 109,000oz came from outside the A$1600/oz pit shell and is a product of the higher gold price environment expanding the optimised pit shell.
- The laterite, saprolite and transition zones increased to a total of 285,000oz. This is **an increase of 45,000oz in a near-surface** position.
- The modelled mineralized zones that form the basis of the resource show good continuity and are based on data from **43 diamond holes (5,373m) and 313 Reverse Circulation holes (52,202m)**. This includes the 47-hole (9,642m) program completed by Capricorn earlier in the year. Drill spacing is now on a 50m x 50m spacing, or closer.

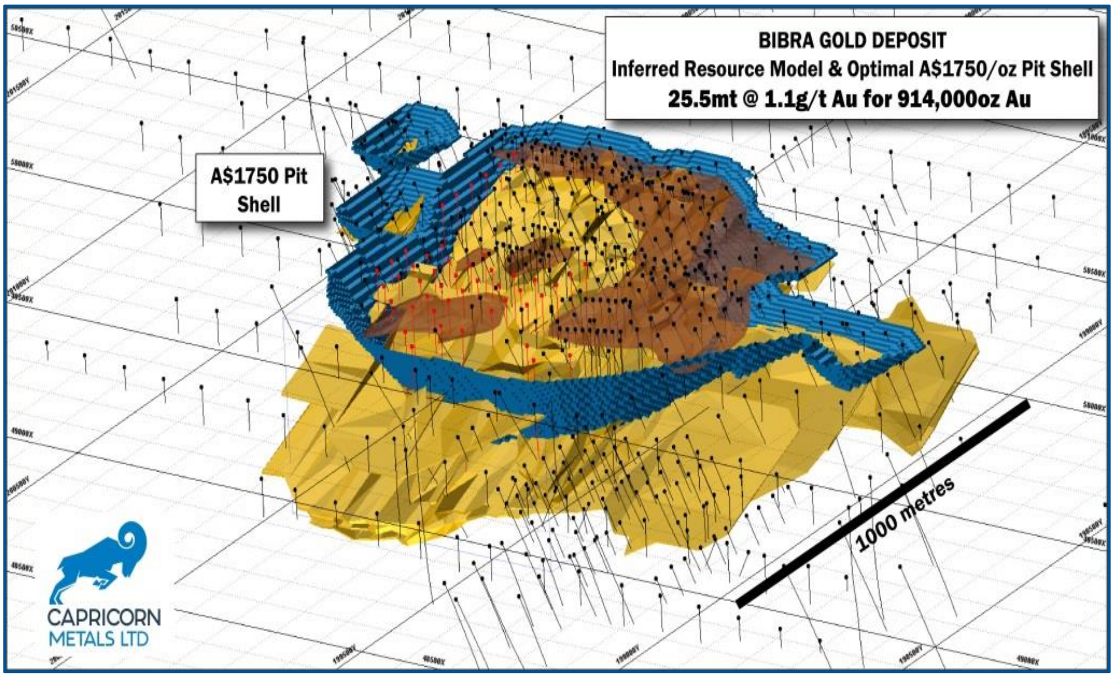

Figure (8): Bibra Gold Deposit – Resource Block Model

(Blue: $A1750 optimal pit shell, Brown: Laterite resource, Yellow: Saprolite and Fresh resource)

Near-Bibra Exploration Targets

A significant program of up to 60,000m of in-fill drilling to upgrade the Bibra resource to Indicated status to underpin a Definitive Feasibility Study (DFS) was announced. This program will also target potential extensions of the deposit which were identified in the April/May 2016 drill program. The identification of mineralisation in shallow, wide-spaced drilling close to Bibra suggests the opportunity to discover further gold deposits. Some of these targets are shown in Figure 9.

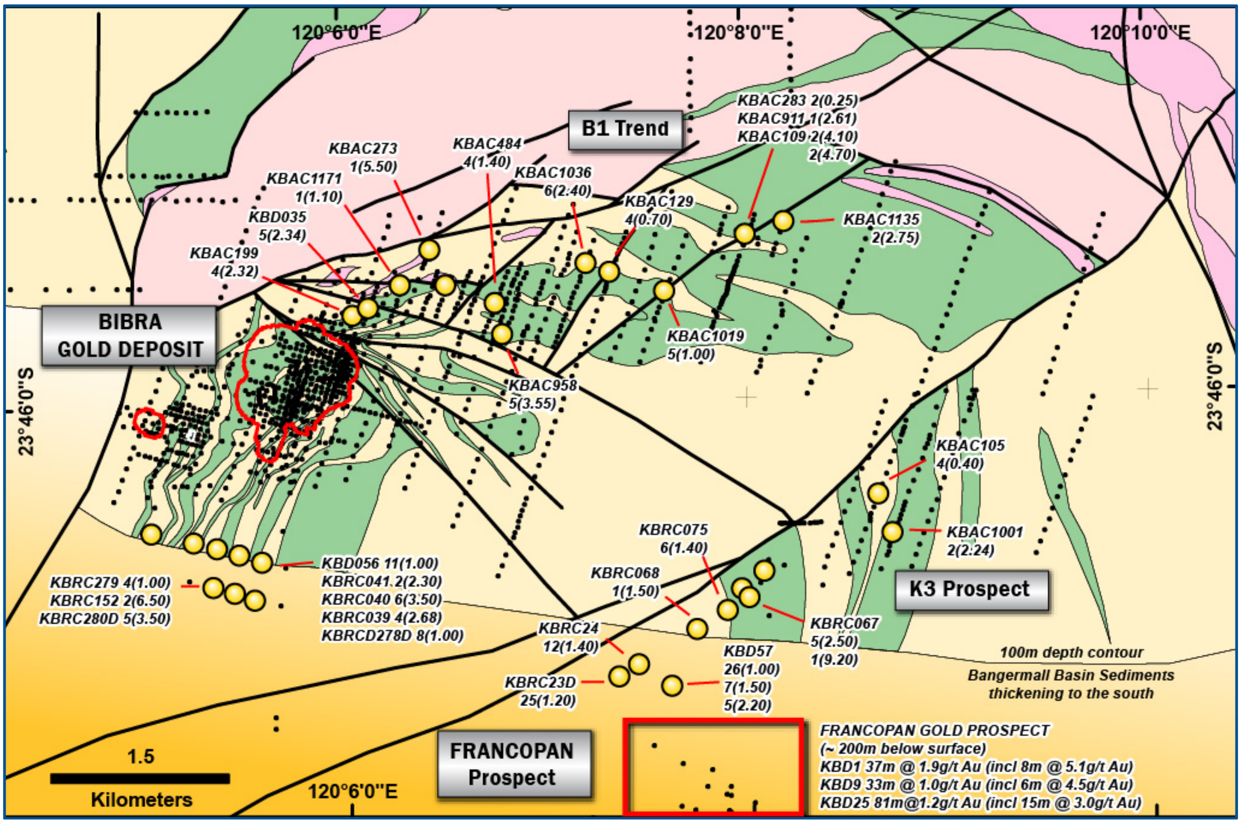

Figure (9): KARLAWINDA GOLD TARGETS

Bibra Mining Lease Application

A Mining Lease application for the Bibra deposit was submitted during the June 2016 quarter, and positive discussions held with the registered Native Title party, the Nyiyaparli people.

Bibra Scoping Study activities

Various Scoping Study activities were progressed by external consultants, including the following:

- Open pit optimisations by Cube Consulting to determine the updated Inferred Resource;
- CIL and Gravity Plant designs by Mintrex;
- Groundwater targeting by Groundwater Resource Management;
- Environmental (flora) surveying by 360 Environmental;
- Metallurgical testwork review and planning by Minelogix;
- Tailings Dam Design by Galt Geotechnics; and
- Comminution (crushing/grinding) testwork by Orway Mineral Consultants.

MADAGASCAR PROJECTS

The Company had consolidated a large exploration project in Southern Madagascar over an area of approximately 237.7 km^2 (Figure 10), targeting high-grade, high-quality graphite deposits, and also for mafic-ultramafic intrusive related nickel-copper deposits.

It was decided to divest the Madagascar assets in an orderly manner, as they are considered non-core, with the sole focus to be on the development of the Karlawinda Gold Project.

During the year, the Company completed the following divestments in Madagascar:

- Sale of potential royalty at Molo graphite deposit in May 2016 for $305,960 (CAD $300,000) with a further CAD $2,000,000 payable upon commencement of commercial production;
- Sale of drilling equipment and vehicles for $49,550; and
- Sale of shares in Energizer Resources Inc. for $200,771.

The principal Madagascar assets remaining to be divested include Real Estate, the Ampanihy Graphite project (including the Maniry deposits), and labradorite prospects.

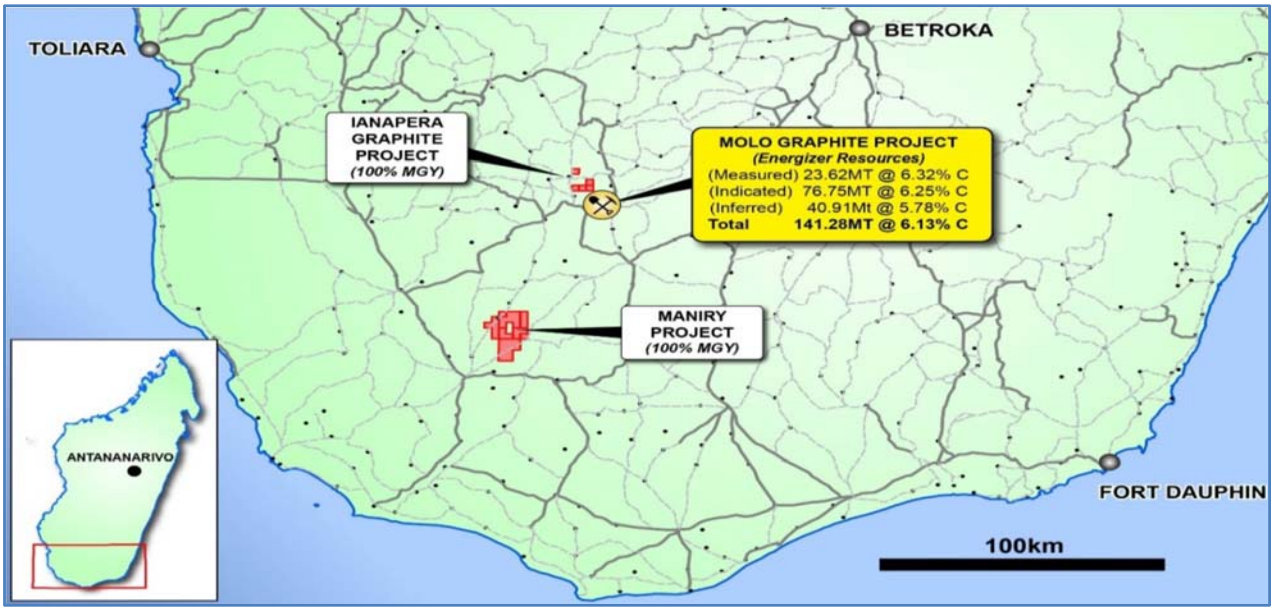

Figure (10): Madagascan Project Location Plan

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Peter Langworthy, Technical Director, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full time Director of Capricorn Metals Limited and has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Peter Langworthy consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

FINANCIAL REVIEW

Business Strategy

Capricorn Metals is a mineral exploration company with granted tenements located in Western Australia and south-west Madagascar.

The Company's strategy is to take the Bibra Gold Deposit at Karlawinda through a definitive feasibility study to project funding and development.

The immediate strategy to Madagascar is to divest sufficient assets that is becomes self-funding.

Financial Position

The consolidated loss for the year was $3,700,868 (2015: $602,532). Inflows which helped reduce the size of the deficit, were the receipt of $305,960 from the sale of a potential future royalty and proceeds of $200,771 from the sale of shares in Energizer Resources Inc ("EGZ").

During the year, Madagascan operations required parent company funding of $0.3 million, representing a shortfall in self-funding strategy (2015 requirement: $0.3 million).

The cash balance of the Group at 30 June 2016 was $11.76 million.

Corporate Transactions

Energizer Resources Inc (EGZ):

Shares

During the year, Capricorn sold 2,263,000 EGZ shares to raise $200,771. The Company held 1,237,000 EGZ shares at 30 June 2016.

Potential Royalty

On 29 April 2016, Capricorn sold the Energizer 1.5% Net Smelter Return royalty to a third party for upfront consideration of CAD $300,000, with an additional CAD $1,000,000 due from the third party, in the event that EGZ commences commercial production.

Greenmount Resources Pty Ltd:

On 3 February 2016, Capricorn completed the acquisition of 100% of the issued capital of Greenmount Resources Pty Ltd by the issue of 171,636,476 fully paid ordinary shares.

The acquisition of Greenmount Resources, included the following assets and liabilities:

- The Karlawinda Gold Project, located 65km south-east of Newman in Western Australia. The Karlawinda Gold Project contains a JORC 2012 Inferred Resource at: 18mt @ 1.1g/t Au for 650,800oz Au (COG 0.5g/t).
- Cash of $88,225.
- A liability of $1,500,000 to be paid for the acquisition of the Karlawinda Gold Project by Greenmount Resources, due and paid August 2016.
- A liability of $135,540 payable for stamp duty on the transfer of the tenements which form the Karlawinda Gold Project, paid May 2016.
- Minimum tenement expenditure commitments associated with the Karlawinda Gold Project of $255,000.

Future Prospects

The group's cash balance at 30 June 2016 will be sufficient to see the group through the planned activities in relation to the feasibility study at Karlawinda during the 2016-17 year.

Directors' Report

The directors present their report on the Consolidated Group, comprising Capricorn Metals Ltd (referred to in these financial statements as "Parent" or "Capricorn" and its wholly owned subsidiaries ("the Group"), together with the financial report for the year ended 30 June, 2016 and the audit report thereon.

Capricorn Metals Ltd changed its name from Malagasy Minerals Limited, on 3 February 2016.

1. DIRECTORS

The Directors of the company at any time during or since the end of the year are set out below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Mr Guy LE CLEZIO (Age: 60)
BA
Non-Executive Chairman

Mr Le Clezio holds a Bachelor of Arts from the University of Western Australia. He has had 20 years' experience in the mining and exploration industry and was an Executive Director of Eyres Reed Ltd and Canadian Imperial Bank of Commerce who were leading Western Australian stockbrokers specialising in the mining industry. He was a founding director of World Titanium Resources Ltd and a former director of ASX listed Windy Knob Resources Ltd.

During the past three years Mr Le Clezio has not held any other listed company directorships.

Mr Peter THOMPSON (Age: 51)
B.sc, M.Sc, MAusIMM
Managing Director – Appointed 3 February 2016

Mr Thompson trained as a geologist in Trinity College Dublin and Leicester University, he came to Australia in 1988 and has had a continuous career in exploration and mining for gold, nickel and copper.

Employed by WMC, Anaconda Nickel, Jubilee Mines, St Barbara Ltd, Beaconsfield Gold and Central Asia Resources in a range of roles, he has overseen several discoveries, project developments, feasibility studies, acquisitions, divestments and company start-ups.

Recent responsibilities as CEO of Beaconsfield Resources and Central Asia Resources have been for operating deep underground gold and heap leach start-up operations.

During the past three years Mr Thompson has held the following other listed company directorships:

- Chief Executive Officer & Managing Director – Central Asia Resources Ltd (4 July 2014 to 8 February 2016)
- Non-Executive Director - Central Asia Resources Ltd (8 February 2016 to 5 September 2016)
- Non-Executive Director – Marmota Energy Ltd (26 May 2015 to present)

Mr Peter LANGWORTHY (Age: 53)
BSc(Hons), MAusIMM
Non-Executive Director – 24 July 2013 to 2 February 2016
Executive Director – From 3 February 2016

Mr Langworthy is a geologist with a career spanning 26 years in mineral exploration and project development in Australia and Indonesia. He has specific expertise in building successful teams that have been responsible for significant mineral discoveries and in integrating technically sound exploration and resource development strategies into corporate planning. His industry experience includes 12 years in senior management roles with WMC Resources, four years with PacMIn Mining as Exploration Manager, five years with Jubilee Mines where he built the team responsible for numerous discoveries at the Cosmos Nickel Mine and the Sinclair nickel project, and three years with Talisman Mining as Technical Director. At Jubilee he was part of the corporate team responsible for the growth of the company until it was taken over by Xstrata for $23/share.

During the past three years Mr Langworthy has held the following other listed company directorship:

- Non-Executive Chairman – Syndicated Metals Limited (20 March 2012 to present)
- Non-Executive Director – Silver Mines Limited (21 June 2016 to present)

Mr Heath HELLEWELL (Age: 46)
B.sc Hons, MAIG
Non-Executive Director – Appointed 3 February 2016

Mr Hellewell is an exploration geologist with over 22 years of experience in gold, base metals and diamond exploration predominantly in Australia and West Africa. Mr Hellewell graduated from Curtin University with an Honours Degree in Geology and is a member of the Australian Institute of Geoscientists. Mr Hellewell has previously held senior exploration positions with a number of successful mining and exploration groups including DeBeers Australia Pty Ltd and Resolute Mining Limited. Mr Hellewell joined Independence Group NL in 2000 prior to the Company's IPO and was part of the team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana and Havana gold deposits which are now subject to a production joint venture with Anglo Ashanti Australia Ltd. Mr Hellewell ultimately rose to the position of Exploration Manager at Independence Group.

Most recently he was the co-founding Executive Director of Doray Minerals Limited, where he was responsible for the Company's exploration and new business activities. Following the discovery of the Andy Well gold deposits in 2010, Doray Minerals was named "Gold Explorer of the Year" in 2011 by The Gold Mining Journal and in 2014 Heath was the co-winner of the prestigious "Prospector of the Year" award, presented by the Association of Mining and Exploration Companies.

During the past three years Mr Hellewell has held the following other listed company directorships:

- Executive Director – Doray Minerals Limited (20 August 2009 to 30 June 2014)
- Non-Executive Director – Core Exploration Ltd (15 September 2014 to present)
- Non-Executive Director – Duketon Mining Limited (18 November 2014 to present)

Dr Peter WOODS (Age: 69)
BSc(Hons), PhD(Geol), MAIG
Non-Executive Director – Resigned 3 February 2016

Dr. Woods holds a Bachelor of Science (Honours) and a Doctorate of Philosophy (Geology) from the University of Western Australia. He has had over 20 years' experience in the mining and exploration industry specialising in base metals, gold and industrial minerals, and as a consulting environmental scientist. He has worked in Madagascar since 1994 and in that time discovered the 710 million tonne Ranobe mineral sand deposit currently held by World Titanium Resources Ltd. He was a founding director of World Titanium Resources Ltd and a Member of the Australian Institute of Geoscientists.

During the past three years Dr Woods has not held any other listed company directorships.

Mr Graeme BODEN (Age: 67)
B Ec(Hons)
Non-Executive Director – Resigned 3 February 2016

He is an experienced business executive with more than 35 years in senior corporate or financial roles, particularly in the planning and evaluation function of the resources industry and in the finance and administration function of a range of industries, including resources. He has 30 years' experience as a Director or Secretary of ASX listed companies. He is the principal of Boden Corporate Services, which continues to provide services to Capricorn.

During the past three years Mr Boden has not held any other listed company directorships.

2. COMPANY SECRETARIES

Mr Graeme Boden and Ms Natasha Forde were appointed as joint Company Secretaries on 30 September 2012.

Ms Forde has 9 years' experience, as an employee of Boden Corporate Services Pty Ltd, providing company secretarial and accounting services to a range of ASX listed and unlisted companies.

3. MEETINGS OF DIRECTORS

During the financial year, the directors' attendance at meetings of directors and committees of directors were as follows:

	Directors' Meetings		Committee Meetings					
			Audit		Remuneration		Nomination	
Director	A	B	A	B	A	B	A	B
G LeClezio	15	15	-	-	-	-	-	-
P Thompson	7	7	-	-	-	-	-	-
P Langworthy	15	15	-	-	-	-	-	-
H Hellewell	7	7	-	-				
P Woods	8	8	-	-	-	-	-	-
G Boden	8	6	-	-	-	-	-	-

A = Number eligible to attend
B = Number attended

The Full Board sits as the Audit, Remuneration and Nomination Committees when those responsibilities are required to be fulfilled.

4. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were mineral exploration and project evaluation. No significant change in the nature of these activities occurred during the financial year.

5. OPERATING RESULTS

The consolidated loss of the consolidated entity after providing for income tax amounted to $3,700,868 (2015: $602,532).

6. DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended to be paid during the financial year (2015: Nil).

7. REVIEW OF OPERATIONS

A review of the consolidated entity's operations during the year and the results of those operations are contained in the Operating and Financial Review section of this Annual Report from page 2.

8. FINANCIAL POSITION

The net assets of the Group have increased by $16,378,511 to $23,210,539 during the financial year. This significant increase is largely due to net capital raising proceeds of $13,497,155 and the fair value increase to the carrying value of the Madagascan property asset of $2,167,734.

The directors believe the group is in a financial position to progress its current objectives and strategies.

9. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as set out elsewhere in the report, there were no significant changes in the state of affairs.

10. SUBSEQUENT EVENTS

There were no material events arising subsequent to 30 June 2016 to the date of this report which may significantly affect the operations of the consolidated entity, the results of those operations and the state of affairs of the consolidated entity in the future, other than:

- Non-executive director, Mr G LeClezio exercised 1,000,000 options by the payment of $150,000 to the company.
- A general meeting of shareholders has been called to ratify the placement of 58,309,125 shares on 7 October 2016, refreshing the Company's capacity to make a further placement of up to 67,055,493 shares.

11. FUTURE DEVELOPMENTS

Likely future developments in the operations of the consolidated entity are referred to in the Operating and Financial Review section of this Annual Report.

12. ENVIRONMENTAL ISSUES

Mining and exploration operations in Madagascar and Australia are subject to environmental regulation under the Laws of each country. The Group's current activities generally involve disturbance associated with exploration drilling programmes in Australia, with only low level activities in Madagascar. There have been no breaches of the Group's obligations under environmental laws.

13. DIRECTORS INTERESTS

As at the date of this report, the interests of the Directors in shares and options of the Company were:

Director	No. of Shares	No. of Unlisted Options
G LeClezio	17,444,276	1,000,000
P Thompson	6,279,974	6,000,000
H Hellewell	102,757,655	-
P Langworthy	5,104,903	4,800,000

14. CORPORATE GOVERNANCE

The Company's corporate governance statement can be found at the following URL:

http://capmetals.com.au/wp-content/uploads/2016/09/160930-CMM-Corporate-Governance-Statement.pdf

15. REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Key Management Personnel of Capricorn Metals Ltd.

The remuneration policy was approved by the Board. Executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits as relevant or appropriate to their position. The remuneration committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is reviewed annually, by the remuneration committee, with revised remuneration packages generally taking effect from the 1st of July of that year.

Executives may be granted unlisted share options from time to time, as determined by the Board.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain executives to manage the consolidated entity. It will also provide executives with the necessary incentives to work towards sustainable growth in shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Details of Remuneration for Year Ended 30 June 2016:

Executive Directors

At 30 June 2016, the senior executives of the Company who are full time employees, had conditions of employment as set out below. Either party may terminate their agreement without cause by giving written notice of three months. There is no termination fee payable other than during the term of notice.

Name	Mr Peter Thompson	Mr Peter Langworthy
Position	Managing Director	Technical Director
Term Expiring	1 February 2019	1 April 2019
Salary	$240,000 pa	$150,000 pa
Options (1)	6,000,000	4,800,000

Note:

(1) In addition to their contracted remuneration set out above 10,800,000 unlisted Options were issued as incentives during the year ended 30 June 2016 (see (b) equity issued as part of remuneration).

Non-Executive Directors

The base fee for a non-executive directors is $40,000 per annum. The Company makes contributions at the statutory minimum rate to superannuation funds nominated by directors, in addition to the base fee.

The aggregate amount of remuneration payable to all non-executive directors was set prior to ASX listing, at $200,000 per annum.

Directors' fees cover all main board activities and committee memberships.

(a) Remuneration for Key Management Personnel of the consolidated entity during the year was as follows:

2016	Short Term Benefits Salary & Director Fees $	Other Service Fees $	Post-Employment Benefits Superannuation $	Share Based Expense Value of Options $	Total $	Performance related %
Non-Executive Directors:						
G LeClezio	40,950	3,000	2,850	-	46,800	-
H Hellewell	18,250	-	-	-	18,250	-
P Woods (1)	24,628	-	1,299	-	25,927	-
Executive Directors:						
P Thompson (2)	100,000	-	8,045	64,258	172,303	37.29
P Langworthy (3)	48,450	-	3,563	51,407	103,420	49.71
	232,278	3,000	15,757	115,665	1,010,737	
Management:						
J L Marquetoux	169,783	-	-	-	169,783	-
Company Secretaries:						
G Boden & N Forde (4)(5)	-	130,134	-	-	130,134	-
Total Key Management Personnel	**402,061**	**133,134**	**15,757**	**115,665**	**666,617**	

Notes:

(1) Dr P Woods resigned as a director on 3 February 2016.

(2) Mr P Thompson was appointed Managing Director on 3 February 2016.

(3) Mr P Langworthy transitioned from a Non-Executive Director to an Executive Director role on 3 February 2016.

(4) Mr G Boden resigned as a director on 3 February 2016. Mr Boden did not receive payment of a director's fee.

(5) Payments made to G Boden through Boden Corporate Services Pty Ltd (BCS) include time spent on company activities, including accounting and administration by G Boden and other employees of BCS, including N Forde as Joint Company Secretary.

There were no bonuses paid to any Key Management Personnel during the year.

2015	Short Term Benefits Salary & Director Fees $	Other Service Fees $	Post-Employment Benefits Superannuation $	Share Based Expense Value of Options $	Total $	Performance related %
Non-Executive Directors:						
G LeClezio	43,800	-	-	-	43,800	-
P Langworthy [(1)]	43,800	171,476	-	-	215,276	-
P Woods	43,800	-	-	-	43,800	-
G Boden [(2)]	-	-	-	-	-	-
	131,400	171,476	-	-	375,875	-
Management:						
J L Marquetoux	157,624	-	-	-	157,624	-
						-
Company Secretaries:						
G Boden & N Forde [(3)]	-	72,999	-	-	72,999	-
Total Key Management Personnel	**289,024**	**244,475**	**-**	**-**	**533,499**	**-**

Notes:

[(1)] Payments made to Mr Langworthy, through OMNI GeoX Pty Ltd (OMNI), of which Mr Langworthy is a director and shareholder, include time spent on managing and executing the exploration programme by P Langworthy and other employees of OMNI.

[(2)] Mr G Boden did not receive payment of a director's fee.

[(3)] Payments made to G Boden through Boden Corporate Services Pty Ltd (BCS) include time spent on company activities, including accounting and administration by G Boden and other employees of BCS, including N Forde as Joint Company Secretary.

There were no bonuses paid to any Key Management Personnel during the year.

(b) Equity issued as part of remuneration:

Options:

During the year ended 30 June 2016, 10,800,000 (2015: Nil) unlisted options, exercisable at $0.10 on or before 31st May 2020 were issued to Key Management Personnel. The options are subject to the following vesting periods as follows:

- 3,600,000 (one third) vest on 20 April 2017;
- 3,600,000 (one third) vest on 20 April 2018; and
- 3,600,000 (one third) vest on 20 April 2019.

Details of the options are as follows:

Key Management Person	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date	Exercise Price	Allotment Date	Expiry Date
Executives:							
P Thompson	-	6,000,000	20/04/16	$0.11	$0.10	20/04/16	31/05/20
P Langworthy	-	4,800,000	20/04/16	$0.11	$0.10	20/04/16	31/05/20
	-	10,800,000					

Shares:

As set out in previous annual reports, from 1 April 2013, some directors agreed to take compensation in shares rather than cash, provided that shareholders give approval for the shares to be issued.

At the annual general meeting held on 26 November 2015, shareholders approved the issue of 6,290,055 shares to directors in place of director fees for the period 1 October 2014 to 30 September 2015, as set out in the following table.

The deemed issue price is equal to the simple average of the closing price of Shares traded on ASX on the first and last trading days of the period.

Director	Period	Fees Accrued $	Issue Price $	Shares Issued as Compensation No.
G LeClezio	1 October 2014 to 31 December 2014	10,975	$0.030	365,833
	1 January 2015 to 31 March 2015	10,950	$0.022	497,727
	1 April 2015 to 30 June 2015	10,975	$0.020	548,750
	1 July 2015 to 30 September 2015	10,950	$0.016	684,375
P Woods	1 October 2014 to 31 December 2014	10,975	$0.030	365,833
	1 January 2015 to 31 March 2015	10,950	$0.022	497,727
	1 April 2015 to 30 June 2015	10,975	$0.020	548,750
	1 July 2015 to 30 September 2015	10,950	$0.016	684,375
P Langworthy	1 October 2014 to 31 December 2014	10,975	$0.030	365,833
	1 January 2015 to 31 March 2015	10,950	$0.022	497,727
	1 April 2015 to 30 June 2015	10,975	$0.020	548,750
	1 July 2015 to 30 September 2015	10,950	$0.016	684,375
		$131,550		**6,290,055**

As at 30 June 2016, there are no accrued director's fees. Fees have been paid for in cash from the period commencing 1 October 2015.

(c) Movements in share and options holdings, held by key management personnel:

Movements in options over equity instruments:

The movement during the reporting period in the number of options over ordinary shares in the Entity held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

	Balance 1 July 2015	Granted as Remuneration	Expired	Balance 30 June 2016	Vested During the Year	Vested & Exercisable 30 June 2016
Directors:						
G LeClezio	2,000,000	-	-	2,000,000	-	2,000,000
P Thompson (1)	-	6,000,000	-	6,000,000	-	-
P Woods (2)	2,000,000	-	-	N/A	-	-
G Boden (3)	750,000	-	-	N/A	-	-
H Hellewell	-	-	-	-	-	-
P Langworthy	900,000	4,800,000	(900,000)	4,800,000	-	-
	5,650,000	10,800,000	(900,000)	12,800,000	-	2,000,000
Management:						
JL Marquetoux	250,000	-	-	250,000	-	250,000
Company Secretaries:						
G Boden (3)	N/A	-	-	750,000	-	750,000
N Forde	250,000	-	-	250,000	-	250,000
	250,000	-	-	1,000,000	-	1,000,000
	6,150,000	**10,800,000**	**(900,000)**	**14,050,000**	**-**	**3,250,000**

Notes:

(1) P Thompson was appointed a director on 3 February 2016.

(2) P Woods resigned as director on 3 February 2016.

(3) G Boden resigned as director on 3 February 2016, however, he remained joint company secretary.

Movements in Share Holdings:

The movement during the reporting period in the number of ordinary shares in the Entity held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance 1 July 2015	Acquired	Other (1)	Disposed	Balance 30 June 2016
Directors:					
G LeClezio	14,347,591	-	2,096,685	-	16,444,276
P Thompson (2)	-	6,279,974	-	-	6,279,974
H Hellewell (3)	-	102,757,655	-	-	102,757,655
P Woods (4)	3,507,078	-	2,096,685	-	N/A
G Boden (5)	-	1,000,000	-	-	N/A
P Langworthy (6)	3,008,218		2,096,685	-	5,104,903
	20,862,887	110,037,629	6,290,055	-	130,586,808
Management:					
JL Marquetoux	-	-	-	-	-
Company Secretaries:					
G Boden (5)	-	N/A	-	-	1,000,000
N Forde	-	-	-	-	-
	-	-	-	-	1,000,000
	20,862,887	**110,037,629**	**6,290,055**	**-**	**131,586,808**

Notes:

(1) Shares acquired by Dr Woods, Mr P Langworthy and Mr LeClezio were allotted as compensation for accrued directors fees after approval by shareholders at the annual general meeting held 26 November 2015.

(2) P Thompson was appointed a director on 3 February 2016. 5,522,398 shares were acquired as consideration for the acquisition of Greenmount Resources Pty Ltd (see Note 27), and 757,576 were acquired through participation in a placement on 3 February 2016, at a price of $0.33 per share.

(3) H Hellewell was appointed a director on 3 February 2016. 102,757,655 shares were acquired as consideration for the acquisition of Greenmount Resources Pty Ltd (see Note 27).

(4) P Woods resigned as director on 3 February 2016.

(5) G Boden resigned as a director on 3 February 2016. At the time of his resignation he held 1,000,000 shares. G Boden remained as Company Secretary.

(6) All shares held by P Langworthy are owned by OMNI GeoX Pty Ltd, a company of whom he is a non-controlling director and shareholder.

(d) Related Party Transactions with Key Management Personnel:

Apart from details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

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

The aggregate amounts recognised during the year relating to key management personnel and their related parties are as follows:

Key Management Person	Transaction	2016 $	2015 $
P Langworthy [(1)]	Exploration programme management	644,037	171,456
G Boden [(2)]	Corporate services	130,134	72,999
		774,171	244,475

Notes:

(1) OMNI GeoX Pty Ltd, of which Mr P Langworthy is a Director and shareholder, provides services in relation to the management and execution of the exploration programme, for which fees were billed on hourly rates the same as for other clients, as were due and payable under normal terms. The agreement may be terminated by one months' notice.

(2) Boden Corporate Services Pty Ltd, of which Mr G Boden is a director, provides services in company secretarial, accounting and administration roles for which service fees were billed based on normal market rates, and were due and payable under normal terms. Boden Corporate commenced providing these services from 1 October 2013. The agreement may be terminated by three months' notice.

Amounts payable to key management personnel at the reporting date arising from these contact services were as set out below:

	2016 $	2015 $
Current payables:		
Trade and other payables	95,914	12,975
	95,914	12,975

<u>Company Performance</u>

The following table shows the gross revenue, profits, dividends and share price at the end of financial year for the past five financial years ending 30 June:

Consolidated Entity	2012	2013	2014	2015	2016
Revenue	4,160,826	664,831	1,831,271	1,334,642	700,637
Net Profit/(Loss)	2,718,046	(3,262,572)	229,752	(602,534)	(3,700,868)
Share Price at Year End	8.5c	1.9c	2.8c	1.8c	15.0c
Dividends Paid	-	-	-	-	-

The Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of key management personnel.

- END OF AUDITED REMUNERATION REPORT -

16. NON-AUDIT SERVICES

No fees were paid or payable to William Buck Audit (WA) Pty Ltd for non-audit services during the year ended 30 June 2016 (2015: Nil).

17. INDEMNIFYING OFFICERS AND AUDITORS

The Company has established an insurance policy insuring Directors and officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to insurers will not be disclosed. This is permitted under S300(9) of the *Corporation Act 2001*.

No indemnity has been obtained for the auditor of the group.

18. SHARE OPTIONS

At the date of this report, the unissued ordinary shares of Capricorn Metals Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	No. Under Option
16 November 2012	30 November 2016	$0.15	6,000,000
22 May 2013	30 November 2016	$0.15	500,000
20 April 2016	31 May 2020	$0.10	10,800,000
			17,300,000

No options were exercised during the year ended 30 June 2016. Subsequent to year end, 1,000,000 options at $0.15 were exercised.

19. PROCEEDINGS ON BEHALF OF THE COMPANY

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

20. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 24 of the annual report.

Signed in accordance with a resolution of the Board of Directors.

G LeClezio
Chairman

Perth, Western Australia
30 September 2016

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CAPRICORN METALS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2016 there have been:

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

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Conley Manifis
Director

Dated this 30th day of September, 2016

CHARTERED ACCOUNTANTS & ADVISORS

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South Perth WA 6151

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South Perth WA 6951

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williambuck.com

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue	2(a)	248,099	498,560
Other Income	2(b)	452,538	836,082
Fair value loss on financial assets	4	(216,868)	(177,757)
(Loss)/ gain on disposal of financial assets		(51,554)	96,899
Employee benefits expense	3	(685,981)	(563,517)
Depreciation expense	9	(62,673)	(61,706)
Foreign currency gain		338	22,361
Administration costs		(707,937)	(462,101)
Exploration expenditure		(257,535)	(447,244)
Share-based payments	20	(115,665)	-
Reversal of impairment/(impairment) of receivable		22,673	(338,650)
Impairment of deferred exploration and evaluation expenditure	12	(2,322,216)	-
Loss before income tax expense		**(3,696,781**	**(597,073)**
Income tax expense	5	(4,087)	(5,459)
Net loss attributable to members of the parent entity		**(3,700,868)**	**(602,532)**
Other Comprehensive Income:			
Items that may be re-classified to profit or loss:			
- Adjustment from translation of foreign controlled entities		20,395	(60,735)
- Revaluation of property asset		2,167,734	-
Total comprehensive loss for the year attributable to members of the parent entity		**(1,512,739)**	**(663,267)**
Earnings per share:			
Basic loss per share (cents per share)	19	(1.36)	(0.37)
Diluted loss per share (cents per share)	19	(1.36)	(0.37)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 $	2015 $
Current Assets			
Cash and cash equivalents	6	11,755,911	778,206
Trade and other receivables	8	119,232	63,835
Other current assets	7	44,426	125,922
Other financial assets	4	175,629	644,822
Total Current Assets		**12,095,198**	**1,612,785**
Non-Current Assets			
Property, plant & equipment	9	4,819,707	2,665,519
Investment in joint venture		-	1
Deferred exploration and evaluation costs	12	8,565,465	3,289,216
Total Non-Current Assets		**13,385,172**	**5,954,736**
TOTAL ASSETS		**25,480,370**	**7,567,521**
Current Liabilities			
Trade and other payables	13	1,867,017	296,026
Other liability		2,305	-
Short-term provisions	14	25,931	16,893
Total Current Liabilities		**1,895,253**	**312,919**
Non-Current Liabilities			
Trade and other payables	15	374,578	422,574
Total Non-Current Liabilities		**374,578**	**422,574**
TOTAL LIABILITIES		**2,269,832**	**735,493**
NET ASSETS		**23,210,539**	**6,832,028**
EQUITY			
Issued capital	16	32,509,123	14,733,538
Reserves	17	1,750,113	(553,681)
Accumulated losses	18	(11,048,697)	(7,347,829)
TOTAL EQUITY		**23,210,539**	**6,832,028**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Asset Revaluation Reserve $	Option Reserve $	Total $
Balance at 1 July 2014		**14,613,363**	**(6,745,297)**	**(693,299)**	**-**	**200,353**	**7,375,120**
Loss for the year		-	(602,532)	-	-	-	(602,532)
Other comprehensive income		-	-	(60,735)	-	-	(60,735)
Total comprehensive income		-	(602,532)	(60,735)	-	-	(663,267)
Issue of shares	16	120,175	-	-	-	-	120,175
Balance at 30 June 2015		**14,733,538**	**(7,347,829)**	**(754,034)**	**-**	**200,353**	**6,832,028**
Balance at 1 July 2015		**14,733,538**	**(7,347,829)**	**(754,034)**	**-**	**200,353**	**6,832,028**
Loss for the year		-	(3,700,868)	-	-	-	(3,700,868)
Other comprehensive income		-	-	20,395	2,167,734	-	2,188,129
Total comprehensive income		-	(3,700,868)	20,395	2,167,734	-	(1,512,739)
			-		-	-	
Issue of shares	16	18,412,074	-	-	-	-	18,412,074
Cost of capital raised	16	(636,489)	-	-	-	-	(636,489)
Share based payments	17	-	-	-	-	115,665	115,665
Balance at 30 June 2016		**32,509,123**	**(11,048,697)**	**(733,639)**	**2,167,734**	**316,018**	**23,210,539**

The accompanying notes form part of these financial statements

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		(1,558,667)	(904,121)
Payments for exploration expenditure		(273,398)	(842,905)
Interest received		34,161	14,627
Royalties received		91,360	122,154
Other Income		185,691	157,604
Net cash used in operating activities	21	**(1,520,853)**	**(1,452,641)**
Cash flows from Investing Activities			
Payments for property, plant and equipment		(44,488)	(11,300)
Proceeds on sale of fixed assets		49,550	-
Proceeds on sale of financial assets		200,771	225,899
Proceeds on sale of exploration permits		-	219,968
Proceeds on sale of joint venture interest		-	717,659
Proceeds on sale of potential future royalty		305,960	-
Capitalised exploration expenditure		(1,511,517)	-
Cash acquired on acquisition of Greenmount Resources Pty Ltd		88,225	-
Net cash provided by investing activities		**(9,11,499)**	**1,152,226**
Cash flows from Financing Activities			
Proceeds received from the issue of shares		14,133,644	-
Costs of capital raised		(636,489)	-
Deferred payments under share purchase agreement		(47,996)	(44,478)
Security deposit		(40,000)	-
Net cash flows used in financing activities		**13,409,159**	**(44,478)**
Net increase / (decrease) in cash held		**10,976,807**	**(344,893)**
Cash and cash equivalent at the beginning of the year	6	778,206	1,125,108
Effect of exchange rates on cash holdings in foreign currencies		898	(2,009)
Cash and cash equivalents at the end of the year	6	**11,755,911**	**778,206**

The accompanying notes form part of these financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements were authorised for issue on 29 September 2016 by the Directors of the Company.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The consolidated financial statements of Capricorn Metals Ltd as at the year ended 30 June 2016 comprises the company and its subsidiaries (together referred to as the 'Group' or 'Consolidated Entity'). Capricorn Metals Ltd is a listed public company, incorporated and domiciled in Australia. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Basis of Preparation:

Reporting Basis and Conventions

Except for the cash flow information the financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Change in accounting policy:

The Group has changed its accounting policy for land & buildings from a cost model to a revaluation model in accordance with paragraph 31 of AASB 116 *Property, Plant and Equipment*. The entire class of property, plant and equipment to which land and buildings belong has been revalued. The carrying amount of land and buildings has been increased as a result of the revaluation and the increase has been recognised in other comprehensive income and accumulated in equity under the heading of asset revaluation reserve. The change in accounting policy has been applied prospectively.

The directors have determined that the change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions for its property, plant and equipment on the entity's financial position, financial performance or cash flows.

Accounting Policies:

(a) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Consolidated Entity and Entities (including special purpose entities) controlled by the Consolidated Entity (its subsidiaries). The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in note 26.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group.

Unrealised gains or transactions between the group and its associates are eliminated to the extent of the group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report, to the extent that they are considered material.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit and loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant and Equipment

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

Property:
Land and Buildings are measured using a revaluation model in accordance with paragraph 31 of AASB 116 Property, Plant and Equipment. The entire class of property, plant and equipment to which land and buildings belong is subject to review and revalued on the basis of independent valuations. Any revaluation adjustment to the carrying amount of land and buildings is recognised in other comprehensive income and accumulated in equity under the heading of asset revaluation reserve.

Plant and equipment:
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

Depreciation:
The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a reducing balance commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Land and Buildings	1%
Plant and Equipment	7.5% - 50%
Computers	20%
Motor vehicles	20%
Field equipment	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(d) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

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

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

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

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost on the statement of profit or loss and other comprehensive income.

(e) Financial Instruments

Recognition and measurement:
Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial assets at fair value through profit or loss:
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in the statement of profit or loss and other comprehensive income.

Financial liabilities:
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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

Impairment:
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(f) Impairment of Debtors

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

(h) Interests in Joint Ventures

The Groups interests in the joint venture entity is recorded using the equity method of accounting in the consolidated financial statements. Details of the Groups interest is provided in Note 10.

(i) Foreign Currency Transactions and Balances

Functional and presentation currency:
The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances:
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies:
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period, when the average rate approximates the rate at the date of the transaction; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed of.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(j) Employee Benefits

Short-term employee benefits:
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave entitlements. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and annual leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits:
Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations.

Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution superannuation benefits:
All employees of the Group, located in Australia receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.50% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Equity-settled compensation:
Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(k) Provisions

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

(l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(m) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue from Royalties are recognised upon delivery of goods to customers or to the minimum monthly contractual amount.

Rental income is recognised on a straight line basis over the period of the lease term so as to reflect a constant periodic return on the property.

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

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

(n) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Contributed Equity

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

(q) Comparative Figures

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

(r) Critical Accounting Estimates and Judgments

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

Key Estimates:

Impairment
The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Impairment of investments in subsidiaries arises where the carrying value of the asset exceeds the net asset position of the subsidiaries and impairment is recognised to the value of the deficit. Impairment of Intangible assets is recognised upon managements' best estimate that the carrying value exceeds the fair value of the asset considering future cash flows and profits arising from the asset.

Key Judgements:

Exploration and Evaluation Expenditure
Tenement acquisition costs are initially capitalised and then amortised with other exploration and evaluation expenditure written off as incurred. Costs are only carried forward to the extent that they are

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

expected to be recouped through the successful development of the area, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. The Directors believe that the capitalised exploration expenditure should not be written off at reporting date as the tenements areas have been reviewed for impairment indicators and Directors believe no indicators of impairment exist.

Non-Current Receivables
Non-Current Receivables includes the tax (VAT) recoverable from the Madagascan tax authority. The Directors believe the full amount to be non-recoverable at 30 June 2015 and therefore a provision for impairment has been made.

Accrued Expenses
Accrued expenses are amounts in respect of the Share Sale Agreement with WTR Holdings Pty Ltd (formerly Madagascar Resources NL). The liability is only repayable from 70% of the labradorite royalty cash receipts by MADA-Aust SARL and is split between current and non-current portions. The directors believe the royalty generating operations will continue at a rate which will pay the liability in accordance with the agreement. The current portion of the liability is based on the estimate of the next financial year's cash receipts with the remaining balance not expected to be settled in the next financial year treated as non-current.

(s) Other receivables

Other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(t) Other payables

Other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(u) Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised pronouncements which became mandatory for annual reporting periods beginning on or after 1 July 2015.

Standards and interpretations issued, but not yet adopted:

Certain new accounting standards and interpretations have been published that are not yet mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations, most relevant to the consolidated entity, are set out below.

— *AASB/NZ IFRS 9 Financial Instruments (December 2014) and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (applicable for annual reporting periods commencing on or after 1 January 2018)*

AASB 9 includes requirements for the classification and measurement of financial assets, the accounting requirements for financial liabilities, impairment testing requirements and hedge accounting requirements.

The changes made to accounting requirements by these standards include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value and an allowance for debt instruments to be carried at fair value through other comprehensive income in certain circumstances
- simplifying the requirements for embedded derivatives
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument

- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows
- amending the rules for financial liabilities that the entity elects to measure at fair value, requiring changes in fair value attributed to the entity's own credit risk to be presented in other comprehensive income
- introducing new general hedge accounting requirements intended to more closely align hedge accounting with risk management activities as well as the addition of new disclosure requirements
- requirements for impairment of financial assets

The Group has not yet assessed the impact of this standard.

— *AASB 15 Revenue from Contracts with Customers, (applicable for annual reporting periods commencing on or after 1 January 2018)*

This standard establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts, and the related Interpretations on revenue recognition Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers and Interpretation 131 Revenue—Barter Transactions Involving Advertising Services.

This standard introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

This standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The company has not yet assessed the impact of this standard.

— *AASB 16 Leases (applicable for annual reporting periods commencing on or after 1 January 2019)*

This standard introduces a single lessee accounting model that requires all leases to be accounted for on balance sheet. A lessee will be required to recognise an asset representing the right to use the underlying asset during the lease term and a liability to make lease payments. Two exemptions are available for leases with a term less than 12 months or if the underlying asset is of low value.

The lessor accounting requirements are substantially the same as in AASB 117. Lessors will therefore continue to classify leases as either operating or finance leases.

This standard will replace AASB 117 *Leases*, Interpretation 4 *Determining Whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and interpretation 127 *Evaluating the substance of Transactions Involving the Legal Form of a Lease*.

The company has not yet assessed the impact of this standard.

— *AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual reporting periods commencing on or after 1 January 2016)*

This standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset and to clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. The standard also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

This standard is not expected to impact the Group.

— *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (applicable for annual reporting periods commencing on or after 1 January 2016)*

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports

This standard is not expected to impact the Group.

— *AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application paragraphs (applicable for annual reporting periods commencing on or after 1 January 2016)*

This standard inserts scope paragraphs into AASB 8 *Operating Segments* and AASB 133 *Earnings per Share* since they were inadvertently removed from AASB 1057. There is no change to the requirements or the applicability of AASB 8 and AASB 133.

This standard is not expected to impact the Group.

— *AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual reporting periods commencing on or after 1 January 2017)*

This standard amends AASB 112 *Income Taxes* to clarify how deferred tax assets are accounted for when they relate to debt instruments measured at fair value.

This standard is not expected to impact the Group.

— *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (applicable for annual reporting periods commencing on or after 1 January 2017)*

This standard amends AASB 107 *Cash Flow Statements* to require disclosure of information that allows users to understand the changes in liabilities from financing activities.

This standard is not expected to impact the Group.

The Group does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.

Other standards not yet applicable
There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 2 – REVENUE

	2016 $	2015 $
(a) Revenue:		
- royalties	119,052	120,988
- rental	117,367	140,045
- other	11,680	17,559
- tenement sales [1]	-	219,968
Total Revenue	248,099	498,560
(b) Other Income:		
- net Interest received	46,176	14,113
- EGZ consideration [2]	-	821,969
- non-refundable deposit [3]	53,126	-
- sale of fixed assets	47,276	-
- sale of potential future royalty	305,960	-
Total Other Income	452,538	836,082
Total Revenue	700,637	1,334,642

Notes:

[1] On 27 November 2014, Mada-Aust SARL, a wholly owned subsidiary, agreed to sell Labradorite permit number 19933.

[2] See note 10 regarding details on the consideration received from Energizer Resources Inc. (EGZ).

[3] Jupiter Mines Et Minerals SARL entered into a leasing arrangement for Labradorite permit 5394 with Mada-Aust SARL which saw the payment of a non-refundable deposit.

NOTE 3 – EXPENSES

	2016 $	2015 $
(a) Employee benefits expense:		
Australia		
Non-executive directors fees	97,729	131,400
Executive directors salary	137,500	-
Superannuation	15,757	-
Annual leave entitlements	10,634	-
Executive salary capitalised as exploration and evaluation expenditure	(39,603)	-
	222,017	
Mauritius		
Directors remuneration	7,000	-
	7,000	-
Madagascar		
Country manager	169,783	157,624
Payroll	287,181	274,493
	456,964	432,117
Total employee benefits expense	685,981	563,517

NOTE 4 – OTHER FINANCIAL ASSETS

	2016 $	2015 $
Listed Shares in Energizer Resources Inc	83,369	402,937
Unlisted Warrants in Energizer Resources Inc	92,260	241,885
	175,629	644,822

Listed shares in Energizer Resources Inc:

	2016		2015	
	Number	$	Number	$
At 1 July	3,500,000	402,937	3,500,000	452,702
Fair value decrease	-	(67,243)	-	(34,641)
Shares received as consideration	-	-	1,000,000	113,876
Shares sold	(2,263,000)	(252,325)	(1,000,000)	(129,000)
At 30 June	1,237,000	83,369	3,500,000	402,937

Financial assets, revalued at fair value through the profit and loss using the closing quoting bid prices at the end of the reporting period represent 1,237,000 (30 June 2015: 3,500,000) fully paid ordinary shares in Canadian company Energizer Resources Inc.

Disposal of listed shares:

	2016 $	2015 $
Shares disposed	(252,325)	(129,000)
Proceeds received	200,771	225,899
(Loss)/gain on disposal	(51,554)	96,899

Fair value of listed shares and assumptions:

	2016	2015
Fair value per listed share	$0.067	$0.115
Closing quoting bid price per share	CAD $0.065	CAD $0.110
Foreign exchange rate – Australian Dollar per 1 Canadian Dollar	1.03686	1.04659

* The values set out in the table above are subject to rounding.

Unlisted Warrants in Energizer Resources Inc:

	2016 $	2015 $
Balance at 1 July	241,885	385,000
Fair value decrease	(149,625)	(143,115)
Balance at 30 June	92,260	241,885

The Company holds 3,500,000 Warrants in Energizer Resources Inc, convertible at USD $0.14 per warrant and expire 15 April 2019. The fair value of the warrants is revalued through the profit and loss using the Black and Scholes valuation method.

Fair value of unlisted warrants and assumptions:

	2016	2015
Fair value per unlisted warrant	$0.026	$0.069
Closing quoting bid price per share	CAD $0.067	CAD $0.110
Foreign exchange rate – Australian Dollar per 1 Canadian Dollar	1.03686	1.04659
Exercise price per warrant	USD $0.14	USD $0.14
Foreign exchange rate – Australian Dollar per 1 US Dollar	1.34363	1.30066
Risk free interest rate	1.550%	2.105%
Expected volatility	100%	100%
Expected life (days)	1,019	1,364

* The values set out in the table above are subject to rounding.

NOTE 5 - INCOME TAX

	2016 $	2015 $
(a) Income Tax Expense		
The prima facie tax expense / (benefit) on Profit / (Loss) from ordinary activities is reconciled as follows:		
The Components of tax expense comprise:		
- Current Tax	2,690	4,079
- Deferred Tax – temporary differences	1,397	1,380
- Prior year adjustment	-	-
	4,087	5,459
The Prima facie tax on Loss before income tax at 30% (2015: 30%)	(1,109,034)	(179,122)
Add/(subtract) the tax effect of:		
- Prior year adjustments	-	-
- Tax attributable to foreign subsidiary	4,087	5,459
- Other assessable income not included as accounting income	292,523	21,244
- Non-deductible expenses	190,181	154,828
- Accounting income not included as assessable income	(3,605)	(275,660)
- Other deductible expenses	(83,007)	(31,306)
- Deferred tax assets / (liabilities) not brought to account	712,942	130,894
Income tax expense / (benefit) attributable to entity	4,087	5,459
(b) Recognised Deferred Tax Balances		
Deferred Tax Asset	-	-
Deferred Tax Liability	-	-
	-	-
(c) Unrecognised Deferred Tax Balances		
The following deferred tax assets have not been brought to account:		
Unrecognised deferred tax assets comprise:		
- Deferred tax assets attributable to tax losses	1,735,082	641,810
- Transaction costs on equity issue	152,819	-
	1,887,901	641,810

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise these benefits.

NOTE 6 – CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank	11,755,911	778,206

NOTE 7 – OTHER CURRENT ASSETS

	2016 $	2015 $
Prepayments	41,312	122,320
Other	3,114	3,602
Total Other Current Assets	44,426	125,922

NOTE 8 – OTHER RECEIVABLES

	2016 $	2015 $
Current:		
Interest	12,015	-
Other receivables	67,217	63,835
Security deposit	40,000	-
Total Other Receivables	119,232	63,835

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
Plant & Equipment – At cost	376,376	340,401
Less accumulated depreciation	(201,282)	(175,820)
Total Plant & Equipment	175,094	164,581
Field Equipment – At cost	337,629	347,009
Less accumulated depreciation	(195,335)	(200,632)
Total Field Equipment	142,294	146,377
Motor Vehicles – At cost	181,175	233,450
Less accumulated depreciation	(178,856)	(226,663)
Total Motor Vehicles	2,319	6,787
Total Plant and Equipment	319,707	317,745
Land and Buildings – At cost	2,500,000	2,500,000
Fair value re-measurement [1]	2,167,734	-
Less accumulated depreciation	(167,734)	(152,226)
Total Land & Buildings	4,500,000	2,347,774
Total Property, Plant and Equipment	4,819,707	2,665,519

Note:
[1] See Note 10.

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land & Buildings $	Plant & Equipment $	Field Equipment $	Motor Vehicles $	Total $
Carrying amount at 30 June 2014	2,364,580	181,680	160,077	9,588	2,715,925
Additions and reclassifications	-	9,596	1,704	-	11,300
Disposals	-	-	-	-	-
Depreciation expense	(16,806)	(26,695)	(15,404)	(2,801)	(61,706)
Currency translation differences	-	-	-	-	-
Carrying amount at 30 June 2015	2,347,774	164,581	146,377	6,787	2,665,519
Additions and reclassifications	-	40,043	11,358	-	51,401
Disposals	-	(122)	(2)	(2,150)	(2,274)
Depreciation expense	(15,508)	(29,408)	(15,439)	(2,318)	(62,673)
Fair value re-measurement [1]	2,167,734	-	-	-	2,167,734
Currency translation differences	-	-	-	-	-
Carrying amount at 30 June 2016	4,500,000	175,094	142,294	2,319	4,819,707

Note:
[1] See Note 10.

NOTE 10 – FAIR VALUE MEASUREMENT

The directors consider that the carrying value of all financial assets and financial liabilities are recognized in the consolidated financial statements approximate to their fair values.

Set out below are details of fair value measurement assessed by the Group.

Fair Value Re-Measurement: Land & Buildings

At 30 June 2016, the Group's freehold land & buildings have been stated at their fair value of $4,500,000. Previously, at 30 June 2015 the valuation technique used was cost.

Set out below is the movement of the land & buildings carrying value.

	2016 $
Carrying value at the beginning of the year	2,347,774
Depreciation for the year	(15,508)
Revaluation	2,167,734
Carrying value at the end of the year	4,500,000

The Board of Directors have determined a fair value of $4,500,000 for the Group's freehold land and buildings based on the market valuation performed by Messrs Cabinet D'Expertise Razafindratandra in October 2015 of 11,323,422,000 Ariary (AUD $4,899,899). Messrs Cabinet D'Expertise Razafindratandra have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The value of the land and buildings if carried at cost would be $2,332,266.

Details of the Group's freehold land & buildings and information about the fair value hierarchy as at 30 June 2016 is set out below.

The fair value hierarchy consists of the following levels:

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

		Level 1	Level 2	Level 3	Fair Value
30 June 2016	Land & Buildings	-	4,500,000	-	4,500,000
30 June 2015	Land & Buildings	-	2,347,774	-	2,347,774

NOTE 11 – INTERESTS IN JOINT VENTURES

The Company had been in various joint venture arrangements with Canadian TSX listed company, Energizer Resources Inc ("EGZ"). At the commencement of the 2016 financial year the only elements of that relationship which remained in effect were:

- A payment by EGZ of CAD $1,000,000 upon the commencement of commercial production at the Molo graphite project.
- A royalty calculated as 1.5% of Net Smelter Return on all production from Molo.

On 29 April 2016, Capricorn sold the royalty to a third party, for upfront cash consideration of CAD $300,000, with an additional CAD $1,000,000 payable by the third party in the event that EGZ commences commercial production at Molo.

The potential production payments (CAD $2,000,000) have not been included as contingent assets, as the fair value at the date of this report is nil.

The former joint venture tenements remain in the name of Capricorn subsidiaries, pending registration of the transfers which have been lodged with the Madagascan government.

NOTE 12 – DEFERRED EXPLORATION & EVALUATION COSTS

	2016 $	2015 $
Madagascar:		
At 1 July	3,289,216	3,289,216
Impairment	(2,322,216)	-
At 30 June	967,000	3,289,216
Australia:		
At 1 July	-	-
Acquisition of Karlawinda Gold Project [(1)]	5,700,000	-
Capitalised exploration expenditure	1,898,465	-
At 30 June	7,598,465	-
Total Deferred Exploration & Evaluation Costs	8,565,465	3,289,216

Note:

(1) The Karlawinda Gold Project was acquired through the acquisition of Greenmount Resources Pty Ltd on 3 February 2016. See Note 27.

During year ended 30 June 2016, a review of the Group's Madagascan tenement holdings was undertaken. The decision was made to relinquish non-core tenements, reducing the land holding from 1,351.3km^2 to 237.7km^2. Additionally, an assessment of current contracts, related to the remaining tenement package, which may give rise to future income was undertaken. An impairment expense of $2,322,216 was recorded to reflect the significantly reduced tenement holding and the current value as assessed by the Directors.

NOTE 13 – CURRENT TRADE & OTHER PAYABLES

	2016 $	2015 $
Unsecured liabilities:		
Trade Payables	231,629	79,110
Accrued Payables – Operating	1,575,388	58,291
Accrued Payables – Directors Fees	-	98,625
Accrued Payables – WTR Holdings [(1)]	60,000	60,000
Total Current Trade & Other Payables	1,867,017	296,026

Notes:

(1) Includes the final instalment of $1,500,000, due to Independence Group NL for the completion of the acquisition of the Karlawinda Gold Project tenements by wholly owned subsidiary, Greenmount Resources Pty Ltd.

(2) Accrued payables include amounts in respect of the Share Purchase Agreement with WTR Holdings Pty Ltd (formerly Madagascar Resources NL) estimated to be payable within the next 12 months. The liability is only repayable from 70% of the labradorite royalty cash receipts actually received by MADA-Aust SARL from the one remaining specified lessee.

NOTE 14 – SHORT TERM PROVISIONS

	2016 $	2015 $
Provision for annual leave:		
Opening 1 July	16,893	16,771
Additional provisions	37,197	26,656
Amounts used	(28,704)	(24,906)
Foreign exchange adjustments	545	(1,628)
Closing 30 June	25,931	16,893
Number of employees at year end	25	40

NOTE 15 – NON-CURRENT TRADE & OTHER PAYABLES

	2016 $	2015 $
Unsecured liabilities:		
Accrued Payables [1]	374,578	422,574
Total Non-Current Trade & Other Payables	374,578	422,574

Note:

[1] Accrued payables are amounts in respect of the Share Purchase Agreement with WTR Holdings Pty Ltd (formerly Madagascar Resources NL). This portion of the liability is only repayable from 70% of the labradorite royalty cash receipts actually received by Mada-Aust SARL and is not expected to be settled in the next financial year.

The agreement provides that repayment is due only from amounts received in cash from royalty payers. Two of the three companies ceased operations during 2011 and have returned the tenements to the Company. The term of the remaining royalty agreement ends 2 November 2020.

NOTE 16 – ISSUED CAPITAL

	2016 $	2015 $
485,909,373 fully paid ordinary shares (2015: 165,346,241)	32,509,123	14,733,538
	32,509,123	14,733,538

	2016		2015	
	No.	$	No.	$
Ordinary shares:				
At 1 July	165,346,421	14,733,538	160,847,767	14,613,363
Shares issued during the year:				
- 2 December 2014 [1]	-	-	4,498,654	120,175
- 2 December 2015 [2]	6,290,055	131,475	-	-
- 3 February 2016 [3]	171,636,476	4,146,955	-	-
- 3 February 2016 [4]	45,454,546	1,500,000	-	-
- 5 May 2016 [5]	97,181,875	12,633,644	-	-
Costs of capital raised	-	(636,489)	-	-
At 30 June	485,909,373	32,509,123	165,346,421	14,733,538

There are no preference shares on issue.

Notes:

[1] 2 December 2014: 4,498,654 fully paid ordinary shares were issued to directors, subsequent to shareholder approval received on 25 November 2014. The shares were issued as payment for accrued director fees totalling $120,175. The share were issued as follows:

Shares Issued	Issue Price (per share)
874,000	$0.0250
1,394,679	$0.0235
1,236,792	$0.0265
993,183	$0.0330
4,498,654	

[2] 2 December 2015: 6,290,055 fully paid ordinary shares were issued to directors, subsequent to shareholder approval received on 26 November 2015. The shares were issued as payment for accrued director fees totalling $131,475. The shares were issued as follows:

Shares Issued	Issue Price (per share)
1,097,499	$0.030
1,493,181	$0.022
1,646,250	$0.020
2,053,125	$0.016
6,290,055	

[3] 3 February 2016: 171,636,476 shares were issued for the acquisition of Greenmount Resources Pty Ltd. See Note 27.

[4] 3 February 2016: 45,454,546 shares were issued at a price of $0.033 per share on completion of a placement.

[5] 5 May 2016: 97,181,875 shares were issued at a price of $0.13 per share on completion of a placement.

NOTE 16 – ISSUED CAPITAL *(Cont'd)*

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company does not have authorised capital or par value in respect of its shares.

Stock Exchange Listing:

Total issued capital is 485,909,373 (2015:165,346,421) shares, of which 314,272,897 (2015: 165,346,421) are listed on the Australian Securities Exchange (ASX) at the date of this report.

Options:

The following options were on issue during the year:

	Weighted Av. Exercise Price 2016	Number of Options 2016	Weighted Av. Exercise Price 2015	Number of Options 2015
(a) Options exercisable at $0.30 on or before 30 September 2015:				
Balance at beginning of year	$0.30	375,000	$0.30	375,000
Lapsed	$0.30	(375,000)	-	-
Balance at end of year	-	-	$0.30	375,000
(b) Options exercisable at $0.40 on or before 31 December 2015:				
Balance at beginning of year	$0.40	375,000	$0.40	375,000
Lapsed	$0.40	(375,000)	-	-
Balance at end of year	-	-	$0.40	375,000
(c) Options exercisable at $0.50 on or before 31 March 2016:				
Balance at beginning of year	$0.50	375,000	$0.50	375,000
Lapsed	$0.50	(375,000)	-	-
Balance at end of year	-	-	$0.50	375,000
(d) Options exercisable at $0.15 on or before 30 November 2016:				
Balance at beginning of year	$0.15	7,500,000	$0.15	7,500,000
Lapsed	-	-	-	-
Balance at end of year	$0.15	7,500,000	$0.15	7,500,000
(e) Options exercisable at $0.10 on or before 31 May 2020:				
Balance at beginning of year	-	-	-	-
Issued during the year	$0.10	10,800,000	-	-
Balance at end of year	$0.10	10,800,000	-	-

Fair value:

The fair value of services rendered in return for share options granted is based on the fair value of share options granted, measured using the Black-Sholes option pricing formula. There were 10,800,000 share options were granted during the year ended 30 June 2016 (2015: Nil).

Fair Value of Options & Assumptions:	*Employee*	*Director*	*Director*
Grant date	22/05/13	22/11/12	20/04/16
Number granted	500,000	7,000,000	10,800,000
Fair Value at grant date (per option)	$0.011	$0.026	$0.105
Share Price at grant date	$0.030	$0.051	$0.140
Exercise price	$0.150	$0.150	$0.100
Expected share price volatility	100%	100%	100%
Expected life of option (days)	1,288	1,475	1,502
Expected dividends	-	-	-
Risk free interest rate	2.59%	2.52%	2.01%

NOTE 17 – RESERVES

	2016 $	2015 $
Share based payment reserve:		
Opening balance 1 July	200,353	200,353
Share based payments for the year	115,665	-
Closing balance 30 June	316,018	200,353

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 19 and the Remuneration Report for further details.

	2016 $	2015 $
Foreign currency translation reserve:		
Opening balance 1 July	(754,034)	(693,299)
Translation movement for the year	20,395	(60,735)
Closing balance 30 June	(733,639)	(754,034)

This reserve records exchange differences arising on translation of foreign controlled subsidiaries.

	2016 $	2015 $
Asset revaluation reserve:		
Opening balance 1 July	-	-
Revaluation movement for the year	2,167,734	-
Closing balance 30 June	2,167,734	-

This reserve records fair value re-measurement recorded on the Groups land & building asset held in Madagascar.

NOTE 18 – ACCUMULATED LOSSES

	2016 $	2015 $
Opening balance 1 July	(7,347,829)	(6,745,297)
Profit / (Loss) for the year	(3,700,868)	(602,532)
Closing balance 30 June	(11,048,697)	(7,347,829)

NOTE 19 – EARNINGS PER SHARE

	2016 $	2015 $
Earnings used in calculating basic and diluted earnings per share:		
- Loss attributable to members of the parent entity	(3,700,868)	(602,532)
Basic and diluted loss per share:	**Cents**	**Cents**
- Cents per share	(1.36)	(0.37)
	Number	**Number**
Weighted average number of ordinary shares outstanding at 30 June	271,652,335	162,436,034

As at 30 June 2016 there are 18,300,000 (2015: 8,625,000) unlisted options on issue. The effect of these options is anti-dilutive on the earning per share calculation as the exercise price of the options is above the average market value for the year.

NOTE 20 – SHARE BASED PAYMENTS

Options:

All options refer to options over ordinary shares of Capricorn Metals Ltd which are exercisable on a one for one basis.

During the year ended 30 June 2016, 10,800,000 options were granted to key management personnel after approval at a general meeting held 20 April 2016. No options were granted during the year ended 30 June 2015.

The fair value of the options is calculated at grant date using a Black–Scholes pricing model and allocated to each reporting period in accordance with the vesting profile of the options.

The value recognised is the portion of the fair value of the options allocated to the reporting period. The factors and assumptions used in determining the fair value on grant date of options issued during the financial year as follows:

Granted during 2016:

Number of Options	Grant Date	Expiry Date	Fair Value per Option	Exercise Price	Share Price on Grant Date	Risk Free Interest Rate (%)	Estimated Volatility (%)	Number Vested as at 30 June 2016
10,800,000	20/04/16	31/05/20	$0.105	$0.100	$0.140	2.01	100	-

In the table above, the following vesting profile has been adopted:

3,600,000 vest on 20 April 2017, 3,600,000 vest on 20 April 2018 and 3,600,000 vest on 20 April 2019.

Granted during 2013 and outstanding at 30 June 2015 and 30 June 2016:

Number of Options	Grant Date	Expiry Date	Fair Value per Option	Exercise Price	Share Price on Grant Date	Risk Free Interest Rate (%)	Estimated Volatility (%)	Number Vested as at 30 June 2016
7,000,000	22/11/12	30/11/16	$0.026	$0.150	$0.051	2.52	100	7,000,000
500,000	22/05/13	30/11/16	$0.011	$0.150	$0.030	2.59	100	500,000

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

No dividends have been assumed to be paid during the life of the options. No options were exercised during the year (2015: Nil).

Expenses arising from share-based payment transactions:

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2016 $	2015 $
Options	115,665	-

NOTE 21 – NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash flow from operations, with loss after income tax:

	2016 $	2015 $
Profit /(Loss) after income tax	(3,700,868)	(602,532)
Non-cash flows in result:		
Depreciation	62,673	61,706
Impairment	2,322,216	-
Fair value Gain/ (Loss) on Financial Assets	216,868	177,757
Share / Warrant consideration for sale of Joint Venture interest	-	(113,877)
Foreign Currency Translation	19,497	(58,726)
Share Based Payment	115,665	-
Cash flows in result not classified as cash flows from operations:		
Profit on sale of fixed assets	(47,276)	-
Profit on sale of financial assets	51,555	(96,899)
Profit on sale of potential future royalty	(305,960)	
Cash consideration for sale of Joint Venture interest	-	(717,659)
Profit on sale of permits	-	(219,968)
Changes in assets and liabilities:		
Increase/(Decrease) in income taxes payable	1,397	1,380
(Increase)/Decrease in other current assets	(204,929)	372,670
Increase /(Decrease) in payables and accruals	(51,691)	(256,493)
Cashflow used by Operations	(1,520,853)	(1,452,641)

Non-cash investing and financing activities:

During the year ended 30 June 2016, 171,636,476 ordinary shares were issued for the acquisition of Greenmount Resources Pty Ltd (See Note 28).

NOTE 22 – CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at 30 June 2016 (2015: Nil).

NOTE 23 – COMMITMENTS

Exploration Commitments

Madagascar

The Group has no statutory obligations to perform minimum exploration work on its tenements; however the Company needs to maintain an active work program to retain its interests. For the 2016 calendar year tenement rents of approximately $210,000 per annum were payable to maintain ownership over the tenement areas. 67.6% of the tenement rents were recouped from other parties.

Australia

The Group is obligated to meet the minimum expenditure commitments on its tenements held in Western Australia or may face forced relinquishment of all or part of the tenement.

As at 30 June 2016 there are five granted tenements with an annual expenditure commitment totalling $275,000.

NOTE 24 – EVENTS SUBSEQUENT TO REPORTING DATE

There were no material events arising subsequent to 30 June 2016 to the date of this report which may significantly affect the operations of the consolidated entity, the results of those operations and the state of affairs of the consolidated entity in the future, other than:

- Non-executive director, Mr G LeClezio exercised 1,000,000 options by the payment of $150,000 to the company.
- A general meeting of shareholders has been called to ratify the placement of 58,309,125 shares on 7 October 2016, refreshing the Company's capacity to make a further placement of up to 67,055,493 shares.

NOTE 25 – FINANCIAL INSTRUMENTS

(a) Capital risk management:

Management controls the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

(b) Market risk:

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable. The Group does not speculate in the trading of derivative instruments.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous year.

(c) Foreign currency risk:

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's functional and presentation currency.

As a result of subsidiary companies being registered in Madagascar, the Group's statement of financial position can be affected by movements in the AUD$/Ariary exchange rates. The Group do not seek to hedge this exposure. There is no formal foreign currency management policy, however the Group monitors its foreign currency expenditure and foreign subsidiary requirements.

The following table shows the foreign currency risk on the financial assets and liabilities of the Groups operations denominated in currencies other than the functional currency of the operations.

	Net Financial Assets / (liabilities) in AUD				
2016	**MGA**	**AUD**	**USD**	**EURO**	**Total AUD**
Cash	34,227	11,721,401	88	195	11,755,911
Receivables	67,217	52,015	-	-	119,232
Payables	(12,661)	(1,854,356)	-	-	(1,867,017)
Statement of Financial Position exposure	88,783	9,919,060	88	195	10,008,126

	Net Financial Assets / (liabilities) in AUD				
2015	**MGA**	**AUD**	**USD**	**EURO**	**Total AUD**
Cash	22,643	755,311	88	164	778,206
Receivables	63,835	-	-	-	63,835
Payables	(108,824)	(187,204)	-	-	(296,028)
Statement of Financial Position exposure	(22,346)	568,107	88	164	546,013

NOTE 25 – FINANCIAL INSTRUMENTS *(Cont'd)*

Foreign currency risk sensitivity:

Analysis at 30 June 2016, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the Madagascan Ariary, with all other variables remaining constant is as follows:

	2016 $	2015 $
Change in profit:		
- Improvement in AUD to MGA by 5%	(119)	(113)
- Decline in AUD to MGA by 5%	119	113
Change in equity:		
- Improvement in AUD to MGA by 5%	119	113
- Decline in AUD to MGA by 5%	(119)	(113)

(d) Interest rate risk:

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2016 $	2015 $
Variable rate instruments:		
- Financial assets	11,755,911	778,206

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2015.

	2016		2015	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	117,559	(117,559)	7,782	(7,782)

(e) Liquidity risk:

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate facilities are maintained.

The following are the contractual maturities of the Group's financial liabilities:

	Carrying Amount $	Contractual Cash Flows $	6 Months or Less $
Trade and other payables:			
- at 30 June 2016	1,867,017	(1,867,017)	(1,867,017)
- at 30 June 2015	296,026	(296,026)	(296,028)

(f) Credit risk:

Credit risk is managed to ensure that customers are of sound credit worthiness and monitoring is used to recover aged debts and assess receivables for impairment. Credit terms are generally 30 days from the invoice date. The Group has no significant concentration of credit risk with any single party with the exception of the TVA receivable from the Madagascan government relating to taxes paid on the Business Sale Agreement and Long Term Lease Agreement. These taxes are recoverable long term in accordance with existing Madagascan taxation law. The Group has assessed the non-current TVA receivable as non-recoverable, and has recorded a provision for impairment of the full amount.

Risk is also minimized by investing surplus funds in financial institutions with a high credit rating.

NOTE 25 – FINANCIAL INSTRUMENTS *(Cont'd)*

(g) Financial instruments measured at fair value:

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

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

	Level 1	Level 2	Level 3	Total
30 June 2016				
Financial assets:				
Available-for-sale financial assets:				
- listed investments	83,369	-	-	83,369
- unlisted warrants	-	92,260	-	92,260
	83,369	92,260	-	175,629
30 June 2015				
Financial assets:				
Available-for-sale financial assets:				
- listed investments	402,937	-	-	402,937
- unlisted warrants	-	241,885	-	241,885
	402,937	241,885	-	644,822

Included within Level 1 of the hierarchy are the Energizer Resources Inc shares listed on the Toronto Stock Exchange. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

In determining the fair value of unlisted investments included in Level 2 of the hierarchy, which include unlisted warrants held in Energizer Resources Inc, the Black Scholes option pricing model has been used to calculate a fair value based on the income approach valuation and inputs as set out in Note 3.

No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting period.

The directors consider that the carrying value of all financial assets and financial liabilities are recognised in the consolidated financial statements approximate to their fair value.

(h) Financial liability and financial asset maturity analysis:

	Within 1 year		1 to 5 years		Total	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Financial liabilities – Due for payment:						
Payables	1,835,254	154,294	-	-	1,835,254	154,294
Payable to related parties	-	98,625	-	-	-	98,625
Payable for Share Purchase Agreement	60,000	60,000	374,578	422,574	434,578	482,574
Total expected outflows	1,895,254	312,919	374,578	422,574	2,269,832	735,493
Financial Assets – Cash flows realisable:						
Cash	11,755,911	778,206	-	-	11,755,911	778,206
Assets	175,629	644,822	-	-	175,629	644,822
Receivables	119,232	63,835	-	-	119,232	63,835
Total Inflow on Financial Instruments	12,050,772	1,486,863	-	-	12,050,772	1,486,863

NOTE 26 – STATEMENT OF OPERATIONS BY SEGMENT

Identification of reportable segments:

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (as the chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of geographical location as the Group's operations inherently have different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. Reportable segments are therefore disclosed as geographical segments being Australia, Madagascar and Mauritius.

Basis for accounting for purpose of reporting by operating segments:

- Accounting policies adopted:

Unless otherwise stated, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group outlined in Note 1.

- Intersegmental transactions:

Intersegment loans are recognised at the consideration received net of transaction costs. Intersegment loans are not adjusted to fair value based on market interest rates.

2016	Australia	Madagascar	Mauritius	Elimination	Consolidated Entity
Revenue					
Revenue	-	249,099	-	-	248,099
Other income	351,819	100,719	-	-	452,538
Total segment revenue	351,819	348,818	-	-	700,637
Result					
Segment Result	(2,936,913)	(785,522)	(29,192)	50,759	(3,700,868)
Profit/(Loss) before Income tax	(2,936,913)	(781,435)	(29,192)	50,759	(3,696,781)
Assets					
Segment Assets	26,137,230	2,673,365	-	(3,330,225)	25,480,370
Segment Liabilities	(2,239,568)	(70,105)	-	39,842	(2,269,831)
Other					
Acquisition of non-current assets	45,858	5,543	-	-	51,401
Depreciation	2,609	60,064	-	-	62,673

2015	Australia	Madagascar	Mauritius	Elimination	Consolidated Entity
Revenue					
Revenue					498,560
Other income	500,622	930,919	-	-	836,082
Total segment revenue	500,622	930,919	-	-	1,334,642
Result					
Segment Result	118,306	(504,414)	(4,781)	(211,643)	(602,532)
Profit/(Loss) before Income tax	118,306	(498,957)	(4,781)	(211,643)	(597,075)
Assets					
Segment Assets	8,483,482	2,732,371	-	(3,648,332)	7,567,521
Segment Liabilities	(609,778)	(125,715)	-	-	(735,493)
Other					
Acquisition of non-current assets	-	11,300	-	-	11,300
Depreciation	-	61,706	-	-	61,706

NOTE 27 – RELATED PARTY DISCLOSURES

(a) Key Management Personnel:

Mr G LeClezio – Non-Executive Chairman
Mr P Thompson – Managing Director – Appointed 3 February 2016
Mr P Langworthy – Non-Executive Director
Mr H Hellewell – Non-Executive Director – Appointed 3 February 2016
Dr P Woods – Non-Executive Director – Resigned 3 February 2016
Mr G Boden – Non-Executive Director – Resigned 3 February 2016
Mr J Marquetoux – CFO & Gerant (Madagascar)
Mr G Boden – Joint Company Secretary
Ms N Forde – Joint Company Secretary

Key Management Personnel Remuneration:

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

The total remuneration paid to Key Management Personnel of the Group during the year are as follows:

	2016 $	2015 $
Short term benefits	402,061	289,024
Other service fees	133,134	244,475
Post – employment benefits	15,757	-
Share Based Payments	115,665	-
	666,617	533,499

(b) Related Party Transactions with Key Management Personnel:

Apart from details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

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

The aggregate amounts recognised during the year relating to key management personnel and their related parties are as follows:

Key Management Person	Transaction	2016 $	2015 $
P Langworthy (1)	Exploration programme management	644,037	171,456
G Boden (2)	Corporate services	130,134	72,999
		774,171	244,475

Notes:

(3) OMNI GeoX Pty Ltd, of which Mr P Langworthy is a Director and shareholder, provides services in relation to the management and execution of the exploration programme, for which fees were billed on hourly rates the same as for other clients, as were due and payable under normal terms. The agreement may be terminated by one months' notice.

(4) Boden Corporate Services Pty Ltd, of which Mr G Boden is a director, provides services in company secretarial, accounting and administration roles for which service fees were billed based on normal market rates, and were due and payable under normal terms. Boden Corporate commenced providing these services from 1 October 2013. The agreement may be terminated by three months' notice.

Amounts payable to key management personnel at the reporting date arising from these contact services were as set out below:

	2016 $	2015 $
Current payables:		
Trade and other payables	95,914	12,975
	95,914	12,975

NOTE 27 – RELATED PARTY DISCLOSURES *(Cont'd)*

(c) Controlled Entities:

The consolidated financial statements include the financial statements of Capricorn Metals Ltd and the subsidiaries set out in the following table.

			% Ownership	
Subsidiaries	**Country**	**Principal activity**	**2016**	**2015**
Mada-Aust SARL	Madagascar	Exploration	100%	100%
Mazoto Minerals SARL [1]	Madagascar	Exploration	100%	100%
Energex SARL	Madagascar	Dormant	100%	100%
Mining Services SARL	Madagascar	Exploration Services	100%	100%
St Denis Holdings SARL	Madagascar	Commercial Property	100%	100%
Ampanihy Exploration Limited [2]	Mauritius	JV Investment	-	75%
Madagascar Graphite Ltd [3]	Mauritius	Investment Holding	100%	-
MGY Mauritius Ltd [4]	Mauritius	Investment Holding	100%	-
Malagasy Graphite Holdings Ltd [5]	Australia	Investment Holding	100%	-
Greenmount Resources Pty Ltd [6]	Australia	Exploration	100%	-

Notes:

(1) A 10% interest is held in trust for Capricorn Metals Ltd.
(2) Ampanihy Exploration Limited, a company incorporated for the Green Giant Joint Venture, was deregistered on 21 July 2015.
(3) Incorporated 23 November 2015.
(4) Incorporated 12 November 2015.
(5) Incorporated 30 October 2015.
(6) Acquired 3 February 2016 (See Note 28).

The subsidiaries noted above are all controlled entities and are dependent on the parent entity for financial support.

During the year no loans were capitalised as investment (2015: 1,957,689).

Additional loans were made as follows: - Madagascan operations: $332,687 (2015: $346,530).
- Australian operations: $1,922,766 (2015: Nil)

At the year end, total net loans from the parent company to these subsidiaries amount to $513,770 (2015: $207,760). Loans to subsidiaries total $7,000,060 (2015: $4,753,250) with a provision for impairment of $6,486,290 (2015: $4,545,490).

NOTE 28 – ASSET ACQUISITION

Acquisition of Subsidiary Company – Greenmount Resources Pty Ltd

On 3 February, Capricorn Metals Ltd (formerly Malagasy Minerals Limited) acquired all of the voting shares of Greenmount Resources Pty Ltd ("Greenmount") by Share Sale Agreement.

The acquisition of Greenmount was considered an asset acquisition for accounting purposes as the acquired assets did not meet the definition of a business as defined in the Australian Accounting Standards. The directors have determined that the fair value consideration of the acquisition was $4,146,955.

The fair value consideration of the acquisition is based upon the following:

	$
Independent Valuation of Karlawinda Gold Project	5,700,000
Outstanding acquisition liabilities	(1,635,540)
	4,064,460
Other net assets acquired	82,495
Fair value	**4,146,955**

The consideration paid was 171,636,476 ordinary shares.

NOTE 29 – PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2016 $	2015 $
Assets:		
Current Assets	11,942,159	1,400,133
Non-Current Assets	11,579,970	7,083,349
Total Assets	23,522,129	8,483,482
Liabilities:		
Current Liabilities	297,126	187,204
Non-Current Liabilities	374,578	422,574
Total Liabilities	671,704	609,778
Shareholders' Equity:		
Issued Capital	32,509,123	14,733,538
Reserves	316,018	200,353
Accumulated Losses	(9,974,716)	(7,060,187)
Total Shareholders' Equity	22,850,425	7,873,704
Statement of Comprehensive Income:		
Net (loss)/ profit attributable to members of the parent entity	(2,914,529)	118,306
Total comprehensive (loss)/ income for the year attributable to members of the parent entity	(2,914,529)	118,306

There have been no guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries. The Parent entity has not entered into any contractual commitments for the acquisition of property plant and equipment at the date of this report.

NOTE 30 – AUDITORS REMUNERATION

	2015 $	2014 $
Amount payable to William Buck Audit (WA) Pty Ltd		
- Auditing or reviewing the financial report	24,050	28,110

Amounts payable to other audit firms for the audit and review of the financial reports of subsidiary companies was $3,671 (2015: $5,379)

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 25 to 55 are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; 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 entity;

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and

   (d) the financial statements and notes for the financial year give a true and fair view;

3. the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with the Corporations Act 2001 and the Corporations Regulations 2001.

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

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:

G LeClezio
Chairman

Perth, Western Australia
30 September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPRICORN METALS LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report on pages 25 to 56 comprising Capricorn Metals Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year (the consolidated entity) on pages 25 to 56. The consolidated financial report 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.

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 entity'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 entity'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.

CHARTERED ACCOUNTANTS & ADVISORS
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South Perth WA 6151
PO Box 748
South Perth WA 6951
Telephone: +61 8 6436 2888
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPRICORN METALS LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

a) the financial report of the consolidated entity on pages 25 to 56 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 (including the Australian Accounting Interpretations) 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 on pages 17 to 22 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.

Auditor's Opinion

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

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Conley Manifis
Director

Dated this 30th day of September, 2016

ASX Additional Information

1. *Listed Shares*

The shareholder information set out below was applicable as at 20 September 2016.

a) *Distribution of Share Holdings*

Size of Holding	No. of Shareholders	No. of Shares
1 - 1,000	28	6,902
1,001 - 5,000	52	193,753
5,001 - 10,000	110	928,912
10,001 - 100,000	504	23,583,385
100,001 and over	328	462,196,421
Total Shareholders	1,022	486,909,373

There are 47 Shareholders with less than a marketable parcel at a price of $0.015, totalling 55,177 shares.

b) *Voting Rights*

The voting rights attached to the ordinary shares are governed by the Constitution.

On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

c) Twenty Largest Shareholders

Shareholder	No. of Shares	%
Centrepeak Resources Group Pty Ltd	74,221,378	15.24
Regis Resources Ltd	42,945,560	8.82
Nedlands Nominees Pty Ltd	28,536,277	5.86
Ellenbrook Investments Pty Ltd	17,671,673	3.63
Harmanis Holdings Pty Ltd	17,451,616	3.58
Resource Discovery Pty Ltd	16,135,322	3.31
Bradley James Drabsch	12,684,910	2.61
JP Morgan Nominees Australia Ltd	11,975,032	2.46
Running Water Ltd	10,595,513	2.18
Zero Nominees Pty Ltd	9,369,253	1.92
Richard Arthur Lockwood	8,578,435	1.76
Jules LeClezio	7,000,000	1.44
Quantum Holdings Pty Ltd	6,550,000	1.35
Citicorp Nominees Pty Ltd	5,628,754	1.16
Peter Robert Thompson	5,522,398	1.13
National Nominees Ltd	5,144,611	1.06
OMNI Geox Pty Ltd	5,104,903	1.05
BNP Paribas Nominees Pty Ltd	4,932,890	1.01
Magaurite Pty Ltd	4,800,000	0.99
Guy LeClezio	4,741,903	0.97
Top Twenty Shareholders	**299,590,428**	**61.53**
Total Issued Capital	4,86,909,373	100.00

d) *Substantial Shareholders*

The names of the substantial shareholders listed in the Company's share register as at 20 September 2016 were:

Shareholder	No. of Shares	%
Centrepeak Resources Group Pty Ltd	74,221,378	15.24
Regis Resources Ltd	42,945,560	8.82
Nedlands Nominees Pty Ltd	28,536,277	5.86
Total	**145,703,215**	**29.92**

e) On Market Buy-Back

There is currently no on-market buy-back in place

2. Unquoted Securities – Options

a) Distribution of Option Holdings

Size of Holding	No. of Optionholders	No. of Shares
100,001 and over	9	18,300,000
Total Optionholders	**9**	**18,300,000**

b) Voting Rights

Unlisted options do not entitle the holder to any voting rights.

c) Holder of More Than 20% of Unquoted Options

Optionholder	No. of Shares	%
Peter Thompson	6,000,000	32.78
Peter Langworthy	4,800,000	26.23
Total	**10,800,000**	**59.01**

d) Details of options on issue

The following Unlisted Options are on issue:

No. of Options	Exercise Price	Vesting Date	Expiry Date
6,500,000	$0.15	21/11/2012	30/11/2016
3,600,000	$0.10	20/04/2017	31/05/2020
3,600,000	$0.10	20/04/2018	31/05/2020
3,600,000	$0.10	20/04/2019	31/05/2020
17,300,000			

Tenement Schedule

Australia

Tenement	Project	Company	Blocks [1]	Status	Date of Grant / Application	Expiry
E52/1711	Karlawinda	Greenmount	35	Granted	05/08/2004	04/08/2017
E52/2247	Karlawinda	Greenmount	16	Granted	21/07/2009	20/07/2019
E52/2398	Karlawinda	Greenmount	15	Granted	28/04/2010	27/04/2020
E52/2409	Karlawinda	Greenmount	8	Granted	16/06/2010	16/06/2020
E52/3323	Karlawinda	Greenmount	11	Granted	11/03/2016	10/03/2021
E52/3363	Karlawinda	Greenmount	36	Application	29/10/2015	-
E52/3364	Karlawinda	Greenmount	46	Application	04/11/2015	-
E52/3450	Karlawinda	Greenmount	16	Application	24/05/2016	-
M52/1070	Karlawinda	Greenmount		Application (Mining Licence)	21/04/2016	-
Total Blocks			**183**			

Note:

1) The area measurement for one block can vary between 2.8 – 3.2 km^2

Madagascar

Title	Permit Type	Grant Date	Expiry Date	Term (Years)	Project Name	Total Carres (New - 0.391km2)	Interest %	Notes
3432	**PR**	21-Sep-15	20-Sep-18	**3**	Ampanihy - Central (Big 'S')	48	100%	
5391	**PE**	20-Nov-02	19-Nov-42	**40**	Ampanihy - Ianapera	16	100%	
5392	**PE**	20-Nov-02	19-Nov-42	**40**	Ampanihy - Ianapera	16	100%	
5393	**PE**	20-Nov-02	19-Nov-42	**40**	Ampanihy - Ianapera	16	100%	4
5394	**PE**	20-Nov-02	19-Nov-42	**40**	Ampanihy - Maniry	48	100%	3
19932	**PE**	10-Mar-06	09-Mar-46	**40**	Ampanihy - Maniry	112	100%	
25093	**PE**	18-Jan-07	17-Jan-47	**40**	Ampanihy - Ianapera	16	100%	2
25094	**PE**	18-Jan-07	17-Jan-47	**40**	Ampanihy - Ianapera	16	100%	2
25095	**PE**	18-Jan-07	17-Jan-47	**40**	Ampanihy - Maniry	48	100%	2
25605	**PR**	18-Jun-01	17-Jun-11	**10**	Ampanihy - Maniry	80	100%	1
25606	**PR**	18-Jun-01	17-Jun-11	**10**	Ampanihy - Maniry	16	100%	1
39750	**PR**	21-Sep-15	20-Sep-18	**03**	Ampanihy - Central (Big 'S')	16	100%	
39751	**PR**	21-Sep-15	20-Sep-18	**03**	Ampanihy - Central (Big 'S')	160	100%	
Total Carres						**608**		

NOTES

1. Renewal awaiting confirmation from BCMM. All annual fees have been paid up to 31 December 2016.
2. Leased to SQNY – Royalty and partial tenement fees payable to MDA.
3. Leased to Jupiter Mines and Minerals – Royalty and annual tenement fees payable to MDA.
4. Leased to Hery Lala Alain Raharinavio – Royalty on small blocks