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NZURI COPPER LIMITED

(formerly Regal Resources Limited)

ACN 23 106 294 106

ANNUAL REPORT

for financial year ended 30 June 2017

CORPORATE DIRECTORY

NZURI COPPER LIMITED

Trading on the Australian Securities Exchange with the code ASX:NZC

ABN 23 106 294 106

www..nzuricopper.com.au

DIRECTORS

Peter Ruxton (Non-Executive Chairman)
Mark Arnesen (Chief Executive Officer & Executive Director)
Adam Smits (Chief Operating Officer & Executive Director)

COMPANY SECRETARY

Anthony Begovich

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HIGHLIGHTS

Corporate

- Company restructure and recapitalisation completed, providing the Company with a significantly strengthened capital base to underpin its growth initiatives.
- Company name changed to Nzuri Copper (ASX Code: NZC) to reflect the start of a new growth chapter. 'Nzuri' means 'beautiful' in Swahili, one of the main languages of the Democratic Republic of Congo, where the Company's projects are located
- Significant restructure of Board and senior management team, with the appointment of highly-credentialed mining executives Dr Peter Ruxton as Chairman, Mark Arnesen as Chief Executive Officer, Adam Smits as Chief Operating Officer and Anthony Begovich as Chief Financial Officer.
- Strong cash position, with $6.3 million in cash at year-end.

Kalongwe Copper-Cobalt Development Project

- Relevant interest in the Kalongwe Project increased to 85%.
- Positive results received from metallurgical test work using Dense Media Separation (DMS) for the recovery of copper-cobalt concentrate – confirming the ability to deliver a high-quality product with low impurities.
- Feasibility Study (FS) consultants appointed and FS commenced to establish a low-cost, rapid pathway to production and cash-flow. FS on track for completion in October 2017.
- Geotechnical and hydrological drilling programs and technical assessment completed.
- Early capital works program well advanced to facilitate both exploration and future development activities.

Fold and Thrust Belt Joint Venture Exploration Project

- Exploration activities, including drilling, commenced on the Ivanhoe Joint Venture ground (the "Fold Thrust Belt Joint Venture"), surrounding Nzuri's Kalongwe Project and within 10-20km of Invanhoe's Kamoa and Kaluka copper-cobalt discoveries, SW of Kolwezi.
- Multi-pronged exploration program commenced to test up to five highly prospective targets across multiple prospect areas.
- Significant progress achieved: as at 30 June 2017, 73km of access roads established to provide logistical access to key targets, ~7,100m of trenching completed, ~3,800m of RC and diamond drilling completed and ~5,700m of drilling planned for the balance of the year.
- Initial drill programs completed as at the date of this report at the Monwezi, Katete and Kambundji prospects, with both copper oxide and sulphide mineralisation discovered at Katete and Kambundji.
- Drilling commenced at the highly prospective Kasangasi target in August 2017 – shares strong similarities with the adjacent Ivanhoe Mines' world-class Kamoa-Kakula discovery
- High-resolution airborne survey commenced in late September 2017 over the entire FTBJV licence area.

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CHAIRMAN'S REVIEW

Dear Shareholders,

Looking back at the past 12 months, it is hard to believe how much has been achieved in such a short space of time. As a result, Nzuri Copper is now very well positioned to unlock the potential of its key copper-cobalt assets located in the heart of the world-class Central African Copperbelt in the Democratic Republic of Congo (DRC).

First, let me briefly recap the key milestones of the past 12 months.

The second half of 2016 saw the Company increase its interest in the Kalongwe Copper-Cobalt Project to 85%, extinguish all convertible loans, secure a US$5.3 million investment from the leading private equity group, Tembo Capital, successfully raise A$9.25 million via an underwritten Rights Issue and reach a settlement agreement with our former joint venture partner Afrimines.

Mark Arnesen, who had been working for the Company as a consultant since early 2016 to oversee the complex web of negotiations required to achieve these outcomes, was appointed as CEO and Executive Director in August 2016, marking a key turning point for the Company. Mark immediately initiated a significant restructure of the Company's senior management team, with the appointment of experienced mining executive Adam Smits as Chief Operating Officer and Executive Director to lead the Kalongwe development, and Anthony Begovich as Chief Financial Officer and Company Secretary.

At the same time, the Company's Board also underwent a substantial transition, with my appointment as Chairman, and the resignations of Simon Dorling and David Young as non-executive Directors. John Hodder, a representative of our cornerstone shareholder, Tembo Capital, who had filled an interim board seat, also stepped down from the board at this juncture.

In light of these significant changes, the Company sought shareholder approval to change its name to Nzuri Copper – which means "beautiful" in Swahili, one of the main languages of the DRC – to reflect the start of a new growth chapter, and to undertake a 15-for-1 share consolidation.

A shareholder meeting was held on 20 January 2017, with all resolutions passed. The Company's name was changed to Nzuri Copper Limited and trading commenced under the code NZC on the Australian Securities Exchange on 7 February 2017. Following completion of the share consolidation, the Company now has approximately 230.3 million shares on issue, providing a significantly strengthened capital base to underpin our growth initiatives.

With these foundations in place, the second half of the 2017 Financial Year has been an exceptionally active period for Nzuri Copper, with the Company immediately commencing a Feasibility Study (FS) on the development of our foundation project in the DRC, the Kalongwe Copper-Cobalt Project.

With a high-value JORC resource inventory totaling 302,000 tonnes of contained copper and 42,700 tonnes of contained cobalt, Kalongwe is a significant near-term production asset with a number of attractive attributes. Our 85% interest is held alongside a 10% stake owned by our local partner, Congolese company GICC, and a 5% interest held by the DRC Government. Importantly the Project is fully-permitted, with an approved Environmental and Social Permit (EIE) in place.

We have excellent relationships with and accessibility into the DRC Government at all levels – including the Mining Ministry and office of the Lualaba Governor and strong support from local communities in Lualaba Province. No artisanal mining activities are carried out on our Mining Permit and the historical works in the area do not present any impediment to our planned mining activities.

The area was explored historically for uranium which proved to be uneconomic and our FS is expected to fully address the contained uraniferous material in small parts of the resource via mine scheduling and blending.

At the time of writing this report, the delivery of this Feasibility Study – which is being undertaken with the assistance of a group of high-quality independent geological, mining and metallurgical consultants – was imminent, with the results expected to be announced in October 2017.

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The FS is based on a low-CAPEX, straightforward open pit mining and processing operation. The proposed processing method, utilizing Dense Media Separation (DMS), is a simple, robust, proven process that will utilize off-the-shelf equipment ex-South Africa. Importantly, this also means a relatively rapid pathway to production and cash-flow with an estimated 12-month build from decision to mine.

Kalongwe will come on stream at a favourable time in the cycle for base metals, in particular copper and cobalt. The outlook for copper demand remains robust, underpinned by infrastructure demand in China and tightening global supply as global mined grades continue to decline. Many analysts are forecasting that copper demand will exceed supply by 2019/20, driving prices higher and incentivizing new supply.

Meanwhile, cobalt has been one of the strongest performing commodities of the past 12 months, with prices recently reaching six-year highs – driven by accelerating supply from the lithium-ion battery sector and stagnant supply growth. The presence of significant quantities of cobalt-only ore at Kalongwe represents a significant potential upside for the Project, once in production.

We will pursue these opportunities aggressively as we move towards development, along with other strategic opportunities including the construction of new SX-EW toll-treatment plants in the region – a positive development which could significantly improve payability, plant recovery and reduce operating and transport costs for our concentrate.

We intend to utilize the cash-flow generated at Kalongwe to underpin our broader growth ambitions in the world-class African Copper Belt. To this end, the Company has embarked on a major, multi-pronged exploration campaign across our Fold Thrust Belt Joint Venture (FTBJV) with Ivanhoe Mines, where we have the right to earn up to a 98% interest, with outstanding potential for world-class copper-cobalt discoveries.

Our ground position sits at the heart of the world's largest and most prolific sediment-hosted copper province, a region which produces around 50% of the world's cobalt and around 10% of its copper. Our proximity to several world-class mines – including Ivanhoe's giant Kamoa-Kakula Deposit, which lies just 15km from our tenement boundary – speaks volumes for the exploration opportunity within the FTBJV.

We have moved rapidly to unlock this potential, establishing more than 73km of access roads (at the time of writing) to provide logistical access to key targets – an important achievement given the terrain and the locations we are dealing with. Importantly, this will give us access to several key targets even during the wet season, giving us much greater flexibility in planning cost effective exploration activities.

At the time of writing this report, we had also completed some 7,102m of trenching and around 6,799m of RC and diamond drilling across several key targets with a further 2,764m of drilling planned for the rest of this year. Initial drilling programs were completed at Monwezi, Katete and Kambundji, with preliminary results received. Drilling had also commenced at the highly prospective Kasangasi target, which shares strong similarities with Ivanhoe Mines' world-class Kamoa-Kakula discovery, and a major high-resolution airborne survey was also underway at the time of writing – which will be invaluable in assisting our exploration targeting.

In conclusion, the outstanding foundations we now have in place at Nzuri are thanks to the hard work and commitment of our team of staff and contractors, led by CEO Mark Arnesen. I would like to sincerely thank every member of the Nzuri team for their efforts. I would also like to pay tribute to my fellow Directors for their significant contributions over the course of the year.

And lastly, I would sincerely like to thank you – our shareholders – for your strong ongoing support.



Dr Peter Ruxton,
Chairman

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OPERATIONS REVIEW

Kalongwe Copper-Cobalt Development Project

The Kalongwe Copper-Cobalt Project (Kalongwe) (Kalongwe Project) is the Company's 85%-owned foundation development asset in the Lualaba Province of the Democratic Republic of Congo (DRC). Kalongwe is situated towards the western end of the world-class Central African Copperbelt, less than 15km from where Ivanhoe Mines Ltd (TSX: IVN, Ivanhoe) has announced a second world-class copper discovery at Kamoa (Figure 1).

The Kalongwe Project offers a low-CAPEX pathway for the Company to achieve near-term production and cash-flow. The Project hosts a near-surface JORC resource of 302,000t of contained copper and 42,700t of contained cobalt as predominantly oxide ore (Figure 2).

A key priority for the Company has been to complete a Feasibility Study (FS) for the development of a low CAPEX/OPEX mining operation at the Kalongwe Project, and a significant amount of time and resources were directed to this end during the year. The FS is based on an open pit mining operation with on-site milling utilizing Dense Media Separation (DMS) processing, and is on track for completion in October 2017.

The following activities were conducted during the year in respect of the FS:

- Positive results were received from the completed metallurgical testwork program initiated in 2016 conducted by Miller Mining Services utilizing Dense Media Separation (DMS) processing methods on Kalongwe ore to recover a copper-cobalt concentrate.
- Mine schedule and block models were reviewed by Orelogy Mine Consultants Pty Ltd with respect to staged project execution strategies, lower cut-off grades and extended pit shells in line with project execution options which were evaluated ahead of the commencement of the FS in March 2017.
- An initial financial model was built by Orimico Pty Ltd to evaluate multiple project execution options and pricing scenarios ahead of the commencement of the FS in 2017.
- The Feasibility Study scope was derived based on recent testwork, modelling prior, scoping study and evaluation conducted in Q1 of 2017
- Key consultants were appointed to undertake the various components of the FS.
- A geotechnical diamond drilling program was scoped, tendered and awarded.
- The geotechnical diamond drilling program commenced in March 2017 to provide geotechnical inputs into the FS. During the year, a total of 739m was drilled, while core logging and sampling was also completed and a geotechnical assessment was undertaken by Peter O'Bryan & Associates as a key input to be used for the design of pit slopes and diversion channel slopes.
- The award and completion of additional environmental and social ground studies was completed by in-country environmental specialist, BEEC, based on a third-party assessment of the previously approved environment permit (EIE).
- Hydrological monitoring and pumping boreholes were drilled within the planned pit shell (175m and 190m deep respectively) and draw-down pump testing was completed as a key input to the hydrological assessments being undertaken by Knight Piesold.
- Considerable engineering activities were undertaken, including: the tendering and evaluation of all key packages; finalising the process plant and site layout; the development of plant and site layout flowsheets; detailed pit design and shell optimization; the tendering and evaluation of contract and owner-mining options; and water diversion and tailings dam design and quantities assessment.

Substantial progress was made with all elements of the FS during the reporting period. At the date of release of this report, the FS is well advanced and on track for completion in Q4 2017.

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Outside of the FS works, the following activities were also undertaken during the year:

- A metallurgical drilling program comprising 653m of diamond core was undertaken to collect 4.2-tonnes of sample from within the Kalongwe pit. The sample will be used for further detailed leaching test work of the Kalongwe cobalt only, copper- cobalt and copper only ore types from the Kalongwe pit to enable stage 2 project scenarios to be evaluated. All planned drilling as part of this the program was completed in the June 2017 quarter.
- Full Environmental and Social Impact Survey and application to the DRC environmental agency (ACE) for a permit (EIE) to construct a 28km site access road from an existing road to the Kalongwe site. Approval has been granted by ACE for the construction of the road (August 2017).
- Nzuri has commenced an early capital works program at Kalongwe to facilitate both exploration and future development activities. Works included:
  - A LIDAR survey of the proposed 28km site access road (2km wide and complete route design initiated to enable construction of all-weather site access road);
  - Purchase and installation of material to fence the entire 8km^2 mine permit and exploration camp areas;
  - Tender of earthworks equipment hire for road construction; and
  - Purchase and installation of a modular kitchen, clinic, toilets, shower and 16 donga style accommodation rooms for the Kalongwe site.

Upcoming planned activities include:

- Completion of the Kalongwe Project Feasibility Study;
- Multiple roadshows and marketing of the FS results; and
- Commence the erection and installation of new accommodation and fencing at the Kalongwe site.

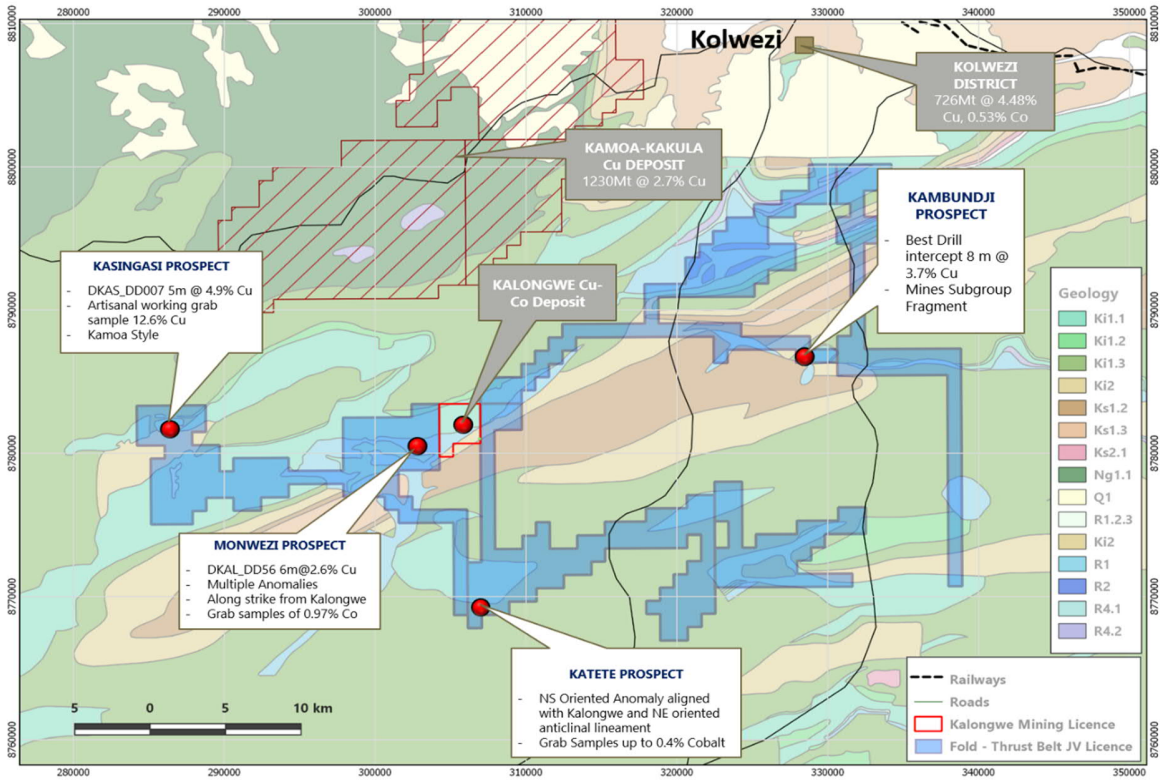


Figure 1: Location of the Fold Thrust Belt JV licenses and significant exploration targets on the license area.

Weathering Profile	Domain	Measured	Indicated	Inferred	Total Tonnage (Mt)	Ave. Cu (%)	Ave. Co (%)	Tonnes Cu	Tonnes Co
Oxide	Cu Only[1]	1.24 Mt @ 3.35% Cu	2.45 Mt @ 2.27% Cu	1.24 Mt @ 1.60% Cu	4.94	2.37	-	117,200	-
	Mixed[3]	2.07 Mt @ 3.76% Cu	1.67 Mt @ 2.72% Cu	0.35 Mt @ 1.98% Cu	4.08	3.19	0.66	130,000	26,800
Primary	Cu Only[1]	-	1.20 Mt @ 2.65% Cu	0.41 Mt @ 1.63% Cu	1.61	2.39	-	38,400	-
	Mixed[3]	-	0.51 Mt @ 3.06% Cu	0.03 Mt @ 2.22% Cu	0.54	3.02	0.52	16,400	2,800
	Total Cu in Cu Only and Mixed Domains	3.31 Mt @ 3.61 % Cu	5.83 Mt @ 2.55 % Cu	2.03 Mt @ 1.70% Cu	11.17	2.70		302,000	
	Total Co in Mixed Domains[4]	-	-	-	4.62	-	0.64	-	29,700
Oxide	Co Only[2]	0.37 Mt @ 0.66% Co	1.34 Mt @ 0.59% Co	0.38 Mt @ 0.43% Co	2.09	-	0.57	-	11,900
Primary	Co Only[2]	-	0.18 Mt @ 0.53% Co	0.02 Mt @ 0.43% Co	0.2	-	0.52	-	1,000
	Total Co Domains	0.37 Mt @ 0.66% Co	1.52 Mt @ 0.58% Co	0.40 Mt @ 0.43% Co	2.29	-	0.57	-	13,000
	Total Co in Mixed and Co-only Domains[5]				6.91	-	0.62	-	42,700

Figure 2: Kalongwe Cu-Co Project Mineral Resource Estimate

[1] The Cu only domains were reported by selecting blocks with Cu >= 0.5%.

[2] The Co only domains were reported by selecting blocks with Co >= 0.2%.

[3] The Mixed Domains (blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu >= 0.5%. The Co grade from these blocks was also reported.

[4] The total Co tonnes and grade within the Mixed Domain are reported from blocks where Cu>=0.5%, and are not additional to the total Cu Mineral Resources quoted from the Mixed Domain.

[5] The total Co tonnes and grade from the Mixed and Co-only Domains are presented as total tonnages only, without reference to JORC classification. The tonnes are not additional to the total Cu Mineral Resources quoted from the Mixed Domain.

In accordance with LR 5.21.4 there has been no change since 30 June 2016.

Fold and Thrust Belt Joint Venture Exploration Project (FTBJV PROJECT)

The Company signed a Memorandum of Understanding (MOU) with Ivanhoe Mines in 2015 to acquire up to a 98% interest in a package of five highly prospective tenements, covering an area of approximately 334km^2 and contiguous to the Kalongwe Copper-Cobalt deposit (see ASX announcement of 22 April 2015 for further details).

In February 2016 the Company and Ivanhoe Mines agreed to extend the Company's payment terms so that the US$150,000 subsequent signing fee was moved to 1 July 2016 (previously April 2016) and the first earn-in expenditure commitment of US$3 million was adjusted to three years after the payment of the subsequent signing fee (previously April 2018). These extensions were agreed in light of delays in obtaining the necessary permit approvals.

The FTBJV Project, which is managed by Nzuri, covers an area of the western Lufilian Arc, a fold belt that contains the world's largest cobalt endowment and some of its richest copper deposits.

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The project area includes numerous high-quality exploration targets. A summary of the key exploration targets on the JV licenses is shown in Figure 1.

Following a review of previous exploration work and data completed during the September 2016 quarter, reconnaissance field visits to all prospects were undertaken for field data validation. An exploration program was planned and commenced with an RC drilling program at Kambundji East and several geochemical surveys over other prospects.

After the onset of the dry season, construction of drill access tracks has proceeded rapidly, with the Monwezi and Katete prospects and the entire western portion of the License area, including the high-priority Kasangasi prospect, accessible since July 2017, for exploration activities.

Key target areas have been prepared to facilitate an efficient exploration program in the dry season and following wet season – a key achievement for the Company. An exploration RC drill rig was mobilised to drill priority targets and exploration drilling commenced on 23 May 2017.
The following activities were undertaken at the various targets during the year:

MONWEZI WEST PROSPECTS:

The Monwezi West prospect area is located immediately south-west directly along strike from the Company's flagship Kalongwe deposit and represents a strategic target for Nzuri located on the Kamilongwe Thrust Trend, which hosts other significant deposits in the region.

Extensive soil geochemical, rock chip and mapping datasets obtained from Ivanhoe are associated with these anomalies and were confirmed. A total of 41 rock chip samples were submitted for laboratory analysis, the results from which confirmed broad anomalism, particularly cobalt anomalism. Refer to the ASX Announcement dated 7 February 20017 for further details.

A trenching programme was completed at Monwezi 3 for a total of 600m. The programme identified a fault bound contact between the Dipeta and Nguba subgroup rocks which is associated with copper-cobalt geochemical anomalies. Similarities to the setting are noted at Tilwezembe. In addition to the trenching programme, 270 pits were excavated across the general Monwezi West area, with the objective of improving the structural understanding and position within the stratigraphy of the area. These areas were nominated for drill testing, which was undertaken towards the end of the year.

Four significant anomalies have been identified for follow-up work at Monwezi, namely: Monwezi 2, Monwezi 3, Kalongwe North and Monwezi 7, but the area is also considered prospective for additional targets.

During the June 2017 quarter, a total of 10 scout RC drill-holes were drilled to depths ranging from 72m to 154m deep, for a total of 1,133m, on targets around Monwezi. The holes targeted the Monwezi 3 anomaly in diamictite from the Grand Conglomerate formation (the same stratigraphic formation which hosts the Kamoa-Kakula discoveries to the north). Analyses are underway and will be reported in due course.

KATETE PROSPECT:

The Katete prospect is located 12km south of Kalongwe. A 2km north-south trending geochemical anomaly has been defined based on assays from soil, rock chip and pitting by Ivanhoe. The target coincides with north-south trending lineaments based on magnetic interpretation as well as a north-east oriented anticlinal lineament parallel to known deposits in the region. The target is considered prospective for structurally controlled copper-cobalt mineralisation. Geological mapping and sampling validated the interpretation and the target was followed up using trenching.

Field investigation of the north-easterly oriented geochemical anomaly north-east of the main Katete anomaly revealed previously unknown Mines Subgroup rocks associated with the anomaly. Mines Subgroup rocks are the host rocks to the vast majority of Congolese Copperbelt deposits. Rock chip samples were collected for analysis.

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The Company's technical advisors and geological team undertook exploration work to advance the knowledge of the targets identified for drill testing at the end of the rainy season.

Geological mapping, rock chip sampling and trenching programmes were conducted towards the end of the year. A conceptual exploration model was defined based on a large multi-element geochemical anomaly coincident with three distinct fault blocks.

An RC drilling program comprising eight (8) holes for 1,100m was completed.

KASANGASI PROSPECT:

The Kasangasi prospect, located 17km south-west of Ivanhoe's Kakula and Kakula West discoveries, continues to emerge as a high-quality exploration target as knowledge continues to improve.
The mineralisation is considered indicative for Kakula-Kamoa style mineralisation. On this basis the prospect was upgraded to a high-priority exploration target for the Company.

The planned exploration programme includes mapping and trenching along strike of the mineralisation to determine lateral continuity, followed by drill testing which is scheduled to commence in August once construction of access tracks is complete.

Ten rock chip samples from surface mineralization exposed in artisanal pits at the site returned results ranging from 0.02% Cu to 7.67% Cu, validating previous high grade analyses from this area. Refer to ASX Announcement dated 7 February 2017 for further details.

The Kasangasi target undoubtedly warrants further exploration and features strongly in the Company's planned 2017 exploration program. Drilling was underway at Kasangasi at the time of finalizing this report.

KAMBUNDJI EAST PROSPECT:

Following positive outcomes of the reconnaissance site visit, validation sampling and geological mapping, a drilling programme commenced in early December 2016.

Four RC (reverse circulation) holes were drilled for 336 m and completed prior to the onset of the rainy season. The drill holes tested the depth extensions of stratiform mineralisation in a fragment of Roan (R2) rocks similar to that mined at the giant Kolwezi mining centre. Two of the four drill holes intersected visible copper mineralization at the traditional Lower Ore Body position.

Assay results included the following intercepts:

- Kambundji, DKJI_RC002, 6m at 1.15% copper from 27m
- Kambundji, DKJI_RC002, 8m at 3.87% copper from 38m
- Kambundji, DKJI_RC005, 18m at 1.84% copper from 42m including 5m @ 3.25% Cu

Refer to ASX Announcement on 7 February 2017 for further details.

The programme proved depth continuity of high grade mineralisation observed at surface and further geochemical sampling and mapping has been planned to identify westwards strike extensions of the Kambundji East Deposit.

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Nzuri Copper Limited (Nzuri or the Company) (formerly Regal Resources Limited) and the entities it controlled for the year ended 30 June 2017. Throughout the report the Consolidated entity is referred to as the Group.

Principal activities

During the year, the principal continuing activities of the Group was focused on the identification, acquisition, development and operation of high grade copper and cobalt projects in the Katangan Copperbelt of the Democratic Republic of the Congo (DRC).

Review of operations

Information on the project operations is set out in the Operations Review on pages 6-10 of this annual report.

Corporate

The following significant transactions and events occurred during the financial year:

BOARD CHANGES

During the year, the Company made the following changes to the board of directors:

- David Young resigned as a Non-Executive Director on 28 July 2016.
- Mark Arnesen was appointed an Executive Director on 12 August 2016;
- Adam Smits was appointed an Executive Director on 14 November 2016;
- Simon Dorling resigned as a Non-Executive Director on 25 November 2016; and
- John Hodder resigned as a Non-Executive Director on 7 December 2016.

CHANGE IN COMPANY SECRETARY

During the year:

- Pat Holywell resigned as Company Secretary on 31 December 2016; and
- Anthony Begovich was appointed as Company Secretary on 1 November 2016.

CHANGE OF COMPANY NAME AND CONTACT DETAILS

In January 2017, the Company announced that it changed its name to Nzuri Copper Limited, its registered office and principal place of business had changed to Unit 13, 100 Railway Road, Daglish, Perth WA 6008 and its telephone number changed to +61 (0)8 6424 8100.

ASX CODE

On 7 February 2017, the Company's ASX code was changed to NZC.

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ACQUISITION OF CONTROLLING INTEREST IN KMSA (70%)

On 7 July 2016, following receipt of shareholder approval, the Company obtained a controlling interest in the Kalongwe Copper-Cobalt project by increasing its interest in Kalongwe Mining SA (KMSA) from 30% to 70%.

FURTHER INTEREST ACQUIRED IN KMSA (80%)

On or around 2 November 2016, the Company acquired an additional 15% interest in KMSA from La Generale Industrielle et Commerciale au Congo SPRL (GICC) for $3,940,628 (US$3 million) funded via a convertible loan provided by Tembo Capital Mining Fund LP (part of the Tembo Capital group).

TAKEOVERS PANEL

In December 2016, the Company closed its scaled-back shareholder offer (Offer), having received valid applications from eligible shareholders for a total of 54,825,950 shares at $0.01 each, totaling $548,260 (Subscription Amount). The shares pursuant to the Offer were issued 6 December 2016.

Following this, in accordance with the orders of the Takeovers Panel, 54,825,950 of the shares owned by Ndovu Capital VI B.V. were bought back in consideration for the Subscription Amount. These shares were cancelled 7 December 2016 resulting in no net effect on the number of Company shares on issue.

CAPITAL RAISINGS AND RIGHTS ISSUE

During the year, the Company raised funds from via a series of capital raisings, summarised as follows:

- Issue of 697,412,077 shares at $0.01 each to raise $6,974,121 in July 2016;
- Issue of 925,336,148 shares at $0.01 each to raise $9,253,361 in August 2016 (underwritten rights issue); and
- Issue of 21,733,922 shares at $0.227 to raise $4,933,560 in March 2017.

CONVERTIBLE LOANS

During the year, the following shares were issued in settlement of convertible loan liabilities:

- Issue of 384,917,247 shares at $0.01 each (pre-consolidation) in settlement of a convertible loan & bridge loan in July 2016; and
- Issue of 18,011,076 shares at a deemed issue price of $0. 227 per share in settlement of the US$3 million Convertible Loan plus accrued interest in March 2017.

SECURITY CONSOLIDATION

On 12 January 2017, the Company announced a 1 for 15 security consolidation (applied to shares and options) which was completed on 7 February 2017 (Share Consolidation). The Share Consolidation was made in accordance with a resolution passed by shareholders at the Company's general meeting held on 20 January 2017.

SMALL SALE FACILITY FOR SMALL SHAREHOLDINGS

On 17 February 2017, the Company announced the implementation of a facility to enable shareholders to sell their small shareholdings without incurring any brokerage or handling costs. The facility will also assist the Company in reducing the administrative burden of managing these small share parcels.

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CLEANSING PROSPECTUS

On 20 April 2017, the Company issued a Cleansing Prospectus for the purpose of section 708A(11) of the Corporations Act, in order to remove any on-sale restrictions applicable to the 39,744,998 shares issued on 22 March 2017, pursuant to the Company's placement and loan conversion.

The Company closed the offer under its Cleansing Prospectus later that same day with no new shares being issued.

LEGAL CLAIMS

During the year, the Company continued defending three claims brought against it in respect of historical projects the Company was involved with.

Following the year-end, a favourable outcome was secured in respect of the first of these claims (refer to the ASX announcement of 31 August 2017 for details).

The Company believes it is in a strong position in its defense of the remaining two claims. The Company is complying with the respective court timetables, is legally represented, and is vigorously defending each claim.

Financial review

RESULTS

The consolidated loss after tax of the Group for the year ended 30 June 2017 was $2,689,004 (2016: $7,406,295).

The improved result reflects the Company's focus on its Kalongwe Copper-Cobalt development project and its Fold and Thrust Belt exploration JV project. Costs involved in settling legacy issues and the disposal of non-core projects were accrued in the prior year.

ASSETS

Total assets increased by 504% or $28.2m during the year to $33.7m. The increase was mainly attributed to the consolidation of Kalongwe Mining SA ("KMSA"), the holder of the Kalongwe Copper-Cobalt project, due the Group increasing its interest in the KMSA from 30% to 85% during the period. In addition, but to a lesser the extent, total assets also benefitted from an increased bank balance from the placement in March 2017 and capitalised exploration expenditure at the Fold and Thrust Belt JV project during the period.

LIABILITIES

Total liabilities decreased during the period by 38% or $1.6 million to $2.6 million. The decrease was mainly due to the payment of accrued costs associated with the settlement legacy issues and the disposal of non-core assets in July and August 2016, partially offset by the inclusion of liabilities from the consolidation of Kalongwe Mining SA.

EQUITY

Total equity increased by 2,101% or $29.7 million to 31.2 million. The increase was primarily brought about by shares issued to increase the Group's interest in KMSA from 30% to 85% and as part of the settlement of legacy issues and the disposal of non-core assets.

In addition, shares were also issued from fund raising activities during the period that included a Rights Issue, Placement and the conversion of a Convertible note and accrued interest.

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SHAREHOLDER RETURNS

The Company's share price increased during the period as the Company focused on its Kalongwe Copper-Cobalt near-term development project and its Fold and Thrust Belt exploration JV project as well as benefitting from a 15:1 security consolidation in January 2017 and the settlement of legacy issues and disposal of non-core assets.

Liquidity and capital resources

The Group's principal source of liquidity as at 30 June 2017 is cash and cash equivalents of $6.3 million (2016: $0.8 million). Funding for the current financial period 2017 is expected from a combination of a capital raising and potential offtake and debt arrangements.

Shares and options

As at 30 June 2017 the Company had 230,299,520 fully paid Shares and 12,733,379 unlisted Share Options on issue.

SHARES

A total of 2,674,590,901 shares were issued during the year to, secure funding via a Rights Issue and Placement, the disposal of non-core assets, to settle amounts owed from a convertible note and to consultants and to settle legacy issues.

Also during the year 2,667,750,477 shares were cancelled as a result of a 15:1 Security consolidation in January 2017.

A detailed breakdown of share movements for the period is shown in note 17(a) of the financial statements.

OPTIONS

During the year 120,000,000 unlisted options were issued to secure funding and as an incentive to employees. A total 193,266,621 Options were cancelled as a result of the 15:1 Share consolidation and due to an employee leaving the Company.

A detailed breakdown of option movements for the period is shown in note 17(b) of the financial statements.

Dividends

There were no dividends paid or declared during the current or previous financial year.

Significant changes in the state of affairs

During the year the Group increased its ownership interest in the Kalongwe Copper and Cobalt project from 30% to 85% via its subsidiary Kalongwe Mining SA, settled a number of legacy issues and arranged the disposal of non-core assets. In addition, the Company also undertook a Board and senior management restructure and recapitalised the Company.

Risk management

The Board is responsible for identifying business risks and implementing actions to manage those risks and corporate systems to assure quality. The Board delegates these tasks to management who provide the Board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Chief executive officer and Chief financial officer have provided assurance in writing to the Board that they believe that the Company's material business risks are being managed effectively.

The Chief executive officer and Chief financial officer have also provided assurance in writing to the Board that the Company's financial reporting, risk management and associated compliance and controls have been assessed and are operating effectively so far as they relate to the financial report.

Significant events since the end of the financial year

There has not been any event or circumstance since the end of the financial year that would significantly affect the operations of the Group, or the state of affair of the Group in future periods.

Likely developments and expected results

The Group remains focused on its Kalongwe Copper-Cobalt near-term development project and its Fold and Thrust Belt exploration JV project. In the next financial year the Group is on track to deliver a Feasibility study for the Kalongwe Copper and Cobalt project in 2017 and also expects to achieve the "First Earn in" milestone in relation to its Fold and Thrust Belt exploration JV project in early 2018.

Environmental regulation and performance

The Group's operations are not subject to any significant Australian environmental laws. The activities of the Group's 85% owned subsidiary Kalongwe Mining SA's in the DRC, are subject to local environmental laws, regulations and permit conditions. There have been no known breaches of environmental laws or permit conditions while conducting operations in the DRC during the year.

Indemnification and insurance of directors and officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Corporate governance

The Board of Nzuri Copper Limited is committed to maintaining the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The Company's Corporate governance statement is current as at 28 September 2017 and was approved by the Board on that date. The statement reflects the corporate governance practices in place throughout the year ended 30 June 2017.

The Company's Corporate Governance statement is located on the Company's website at
http://nzuricopper.com.au/corporate-governance-statement

Diversity

The Group strives to be an equal opportunity employer and we will not discriminate against prospective employees based on gender or any other non-skill related characteristic. We pride ourselves on the diversity of our staff and encourage suitably qualified young people, women, people from cultural minorities and people with disabilities to apply for positions.

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Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfill positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for the composition of employees based on gender or any other non-skill related characteristic nor detailed policies in this regard.

The Board has established a policy regarding diversity and details of the policy are available on the Company's website.

Gender Composition	2017 Female	2017 Male	2016 Female	2016 Male
Board	-	100%	-	100%
Executive	-	100%	-	100%
Group	9%	91%	11%	89%

Non-audit services

Non-audit services provided by the Group's auditor BDO Audit (WA) Pty Ltd during the year ended 30 June 2017 is shown at Note 31 of the financial statements. The directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditors' independence declaration

The auditors' independence declaration is set out on page 27 and forms part of the Directors' report for the year ended 30 June 2017.

Information on directors

The following information is current as at the date of this report.

PETER RUXTON - Non-executive Chairman	
Experience and expertise	Dr Ruxton was appointed to the Board on 17 February 2015 as a Non-executive director and acted as Chairman on a frequent basis until assuming the role on a permanent basis in November 2016. Dr. Ruxton has held a number of Directorships with numerous private, ASX, TSX.V, AIM, JSE, OTCBB and AMEX listed companies. He has served on the boards of two DRC focused exploration and mining companies in recent years. Dr. Ruxton trained as a Geologist at the University of Leeds, UK where he obtained a BSc in Geological Sciences and a PhD in Economic Geology, before going on to complete his MBA at the University's of Manchester and Bangor. Peter's PhD thesis focused on sedimentary copper deposits in Namibia and Botswana. Dr. Ruxton is a Professional Member of the Institute of Mining, Metallurgy and Materials (MIMM) and is a Fellow of both the Geological Society of London (FGS) and the Society of Economic Geologists (FSEG). In addition, he is a Member of the Association of Mining Analysts (AMA).
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Chairman of the Board and Competent person
Interests in shares and options	Nil

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MARK ARNESEN - Executive Director		
Experience and expertise	Mr Arnesen was appointed to the Board on 12 August 2016 as an Executive director. Mr Arnesen has extensive expertise in the structuring and negotiation of finance for major resource projects. He is a Chartered Accountant with over 20 years of experience in the international resources industry, including a role with the Billiton/Gencor group of companies where he was a corporate Treasurer from 1996 to 1998. In 2000, Mr Arnesen joined Ashanti Goldfields Company Ltd as Managing Director - International Treasury and held the position until 2004. From 2004 until 2006, Mr Arnesen worked with Equinox Minerals Ltd and put in place the Lumwana project financing. In 2006, he joined Moto Goldmines Ltd (the Kibali Project in the DRC) as the Financial Director and held the position until the company was taken over by Randgold Resources Ltd (and held through a joint venture with AngloGold Ashanti Ltd) in late 2009. Mr Arnesen has been a Non-Executive Director of Centamin since 2011 and is also the sole director of ARM Advisors Pty Ltd. Previously he served on the boards of Gulf Industrials Ltd, Natasa Mining Ltd and Asian Mineral Resources. Mr Arnesen has a Bachelor of Commerce and Bachelor of Accounting from the University of the Witwatersrand.	
Other current directorships	Nil	
Former directorships in last 3 years	Executive director of Gulf Industrials Limited 2012 - 2014	
Special responsibilities	Chief Executive Officer	
Interests in shares and options	Fully paid ordinary shares	5,030,984
	Unlisted options	2,000,000
ADAM SMITS - Executive Director		
Experience and expertise	Mr Smits was appointed to the Board on 14 November 2016 as an executive director. Mr Smits is a Mechanical Engineer with a successful 20 year career across Australia and for the past 10 years in francophone West Africa where he has held a variety of project development and operational roles, most recently guiding the Sissingue project in Côte d'Ivoire (owned by Perseus Mining Ltd) to construction commencement. An experienced and successful project director, Mr Smits led the successful DFS through to development of Mineral Deposits Ltd's US$650M Grand Côte mineral sands project and played a pivotal role in the US$330M Sabodala Gold Mine (now owned by Teranga Gold Corporation). Mr Smits has also held roles with Placer Dome Asia Pacific and Lycopodium Minerals.	
Other current directorships	Nil	
Former directorships in last 3 years	Nil	
Special responsibilities	Chief Operating Officer	
Interests in shares and options	Fully paid ordinary shares	54,000
	Unlisted options	2,000,000
SIMON DORLING - Non-executive Director until 25 November 2016		
Experience and expertise	Dr Dorling was appointed to the Board on 16 August 2012 as a Non-executive director.	
Other current directorships	Nil	
Former directorships in last 3 years	Nil	
Special responsibilities	Nil	

JOHN HODDER - Non-executive Director until 7 December 2016	
Experience and expertise	Mr Hodder was appointed to the Board on 7 March 2016 as a non-executive director.
Other current directorships	Non-executive director of Strandline Resources Limited since 8 June 2016
Former directorships in last 3 years	Nil
Special responsibilities	Nil

DAVID YOUNG - Non-executive Director until 28 July 2016	
Experience and expertise	Mr Young was initially appointed as an executive director in August 2012 before assuming the role of a non-executive director in February 2016.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Nil

Directors interests

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

DIRECTOR	ORDINARY SHARES	SHARE OPTIONS
Peter Ruxton	-	-
Mark Arnesen[1]	5,030,984	2,000,000
Adam Smits[2]	54,000	2,000,000

Meetings of directors

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director while they were a Director or committee member.

DIRECTORS	BOARD MEETINGS ELIGIBLE TO ATTEND	ATTENDED
Peter Ruxton	9	9
Mark Arnesen[1]	8	8
Adam Smits[2]	7	7
Simon Dorling[3]	3	2
John Hodder[4]	3	2
David Young[5]	-	-

(1) M Arnesen was appointed a director on 12 August 2016.
(2) S Dorling resigned on 25 November 2016
(3) J Hodder resigned on 7 December 2016
(4) A Smits was appointed on 14 November 2016
(5) D Young resigned on 28 July 2016

Committee membership

During the year the Group did not set up separate Committees. The Board carried out the duties that would ordinarily be carried out by the Nomination, Remuneration and Audit and Risk management Committees.

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Remuneration report (Audited)

This remuneration report for the year ended 30 June 2017 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

For the purposes of this report, the term executive includes executive directors and other senior management of the Group.

The following persons acted as key management personnel of the Company during or since the end of the financial year:

DIRECTORS AND SENIOR MANAGEMENT

Non-executive directors	
Peter Ruxton	Non-executive Chairman
Simon Dorling (until 25 November 2016)	Non-executive director
John Hodder (until 7 December 2016)	Non-executive director
David Young (until 28 July 2016)	Non-executive director
Executive directors	
Mark Arnesen (from 12 August 2016)	Executive director and Chief executive officer
Adam Smits (from 14 November 2016)	Executive director and Chief executive officer
Other executives	
Anthony Begovich (from 1 November 2016)	Company secretary and Chief financial officer
Pat Holywell (until 1 November 2016)	Company secretary and Chief financial officer

REMUNERATION GOVERNANCE

Remuneration committee

The Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board approves the remuneration arrangements of the Chief executive officer and other executives and all awards made under incentive plans following recommendations from the Remuneration committee.

The Board also sets the remuneration of Non-executive directors, subject to the fee pool approved by shareholders. The Board approves, having regard to the recommendations of the Chief executive officer, the level of incentives to other personnel and contractors.

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Remuneration consultants

The Board seeks external remuneration advice as and when required to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by and report directly to the Board.

As a result of recent restructure of the Company, the Board engaged the services of HRascent in August 2016 to review the potential quantum, structure and mix of the remuneration arrangements for the board and executives including the use of equity allocations as part of future remuneration arrangements. HRascent was paid $10,600 for these services.

HRascent has confirmed that any remuneration recommendations have been made free from undue influence by members of the group's key management personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- HRascent was engaged by, and reported directly to, a non-executive director of the Company. The agreement for the provision of remuneration consulting services was executed by the non-executive director under delegated authority on behalf of the board.
- The report containing the remuneration recommendations was provided by HRascent directly to the non-executive director; and
- HRascent was not permitted to provide any member of management with a copy of their draft or final report that contained the remuneration recommendations.

As a consequence, the board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution specifies that the aggregate remuneration of Non-executive directors shall be determined from time to time by the Board or by ordinary resolution. The current limit is $300,000 which was approved by shareholders on 29 November 2012.

Non-executive directors are remunerated by way of fees based on non-executive directors of comparable companies and scope and extent of the Companies activities.

Non-executive directors are also entitled to participate in the Company's Employee Share Option Plan which was approved by shareholders on 30 June 2016, but do not receive retirement benefits, nor do they participate in any incentive programs.

No options or share rights were awarded to non-executive directors as remuneration during the period.

EXECUTIVE REMUNERATION ARRANGEMENTS

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group that is competitive by market standards and aligns their interests with those of shareholders.

Executive remuneration consists of fixed remuneration and short-term and long-term incentives.

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Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee through a process that considers individual performance, Group performance and market conditions.

Short term incentives

Short term incentives (STI) may include cash and shares and are awarded to executives based on performance and the achievement of KPI's at the absolute discretion of the Remuneration Committee.

Given the current stage of the Company's evolution, no STI targets were established at the start of the reporting period however a STI in the form of cash bonus was paid to a KMP based on performance.

Long term incentives

Long term incentives (LTI) are considered periodically by the Remuneration Committee principally to retain staff and align their remuneration with the creation of shareholder value over the long term.

LTI's currently include share options that vest and may be exercised into fully paid ordinary shares based on the completion of a period of service. The Share options are issued for no consideration, with an exercise price determined by a 30 day VWAP that vest in equal proportions annually upon the completion of service over a three year period.

Where a director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a director or employee ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share options on a pro-rata basis to reflect their period of service during the LTI grant performance period.

Employment agreements and contracts

Chief executive officer

The Chief executive officer is currently employed under a rolling employment agreement.

The Group may terminate the agreement with or without cause by giving one month and three months' notice respectively. The Chief executive officer may terminate the agreement with or without cause by giving three months' written notice. If the agreement is terminated due to a change of control the Chief executive officer is entitled to a payment equivalent to twelve month's base salary. The Group retains the right to terminate the agreement immediately by making a payment in lieu of notice for termination by either party without cause.

The Chief executive officer is also entitled to receive statutory entitlements of any accrued annual and long service leave, together with superannuation benefits.

Chief operating officer

The Chief operating officer is currently employed under a rolling employment agreement.

The Group may terminate the agreement with or without cause by giving one month and three months' notice respectively. The Chief operating officer may terminate the agreement with or without cause by giving three months' written notice.

If the agreement is terminated due to a change of control the Chief operating officer is entitled to a payment equivalent to twelve month's base salary. The Group retains the right to terminate the agreement immediately by making a payment in lieu of notice for termination by either party without cause.

The Chief operating officer is also entitled to receive statutory entitlements of any accrued annual and long service leave, together with superannuation benefits.

Company secretary

The Company Secretary is employed under an executive services agreement which is ongoing.

The Group may terminate the agreement with or without cause by giving one month and three months' notice respectively. The Company secretary may terminate the agreement with or without cause by giving three months' written notice. The Group retains the right to terminate the agreement immediately by making a payment in lieu of notice for termination by either party without cause.

The Company Secretary is also entitled to receive statutory entitlements of any accrued annual and long service leave, together with superannuation benefits.

Prohibition on trading

The Remuneration policy prohibits directors and employees that are granted shares as a result of share rights from entering into arrangements that limit their exposure to losses that would result from share price decreases. The policy also requires directors, and employees to seek approval from the Company prior to that individual buying or selling any company securities. Directors and employees are not permitted to trade during a closed period. Procedures are in place where trading during a closed period is sought in exceptional circumstances.

COMPANY PERFORMANCE AND SHAREHOLDER RETURNS

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance and shareholder returns over the last five years as required by the Corporations Act 2001.

	30 June 2017* $	30 June 2016 $	30 June 2015 $	30 June 2014 $	30 June 2013* $
Loss after tax ($)	(2,689,004)	(7,406,295)	(5,104,302)	(15,888,670)	(14,373,445)
Basic earnings per share (cents)	(1.40)	(3.38)	(2.41)	(9.30)	(15.30)
Dividends ($)	-	-	-	-	-
Closing share price (cents)	16.5	1.3	3.5	5.7	1.7
Total shareholder return (%)	136	(63)	(39)	235	(72)

* The Company completed a 15:1 share consolidation in these years.

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REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each element of the remuneration of each KMP of the Company or Group for the relevant financial year are as follows:

	SHORT TERM BENEFITS			POST-EMPLOYMENT		SUB TOTAL
2017	Salary & Fees[10] $	STI Cash* $	STI Non-monetary $	Superannuation $	Termination benefits $	$
Non-executive directors						
Peter Ruxton	40,000	-	-	-	-	40,000
Simon Dorling [(1)]	16,111	-	-	1,531	-	17,642
John Hodder [(2)]	17,312	-	-	-	-	17,312
David Young [(3)]	3,333	-	-	-	-	3,333
Executive directors						
Mark Arnesen [(4)]	212,903	-	-	20,226	-	233,129
Adam Smits [(5)]	151,818	-	-	14,423	-	166,241
Other executives						
Anthony Begovich [(6)]	123,939	-	-	11,774	-	135,713
Pat Holywell [(7)]	96,667	20,000	-	9,183	63,846	189,696
Total	662,083	20,000	-	57,137	63,846	803,066
2016						
Non-executive directors						
Peter Ruxton	39,996	-	-	-	-	39,996
Simon Dorling	39,996	-	-	-	-	39,996
John Hodder	12,687	-	-	-	-	12,687
Mark Savich [(8)]	19,998	-	-	-	-	19,998
David Young [(9)]	13,332	-	-	-	-	13,332
Executive directors						
David Young [(9)]	200,000	-	-	-	-	200,000
Total	326,009	-	-	-	-	326,009

* The Company paid a bonus to its former Chief financial officer and company secretary to bring his remuneration in line with market.

(1) Resigned on 25 November 2016
(2) Resigned on 7 December 2016
(3) Resigned on 28 July 2016
(4) Appointed on 12 August 2016
(5) Appointed on 14 November 2016
(6) Appointed on 1 November 2016
(7) Resigned on 31 December 2016
(8) Resigned on 15 January 2016.
(9) Resigned as an executive director and became a non-executive director on 29 February 2016.
(10) Includes annual leave obligations

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2017	SUB TOTAL $	SHARE BASED PAYMENTS Options $	TOTAL $	PERFORMANCE RELATED %	EQUITY COMPENSATION %
Non-executive directors					
Peter Ruxton	40,000	-	40,000	-	-
Simon Dorling [1]	17,642	-	17,642	-	-
John Hodder [2]	17,312	-	17,312	-	-
David Young [3]	3,333	-	3,333	-	-
Executive directors					
Mark Arnesen [4]	233,129	84,820	317,949	-	27
Adam Smits [5]	166,241	90,655	256,896	-	35
Other executives					
Anthony Begovich [6]	135,713	45,327	181,040	-	25
Pat Holywell [7]	189,696	-	189,696	-	-
Total	803,066	220,802	1,023,868	-	22
2016					
Non-executive directors					
Peter Ruxton	39,996	-	39,996	-	-
Simon Dorling	39,996	-	39,996	-	-
John Hodder	12,687	-	12,687	-	-
Mark Savich [8]	19,998	-	19,998	-	-
David Young [9]	13,332	-	13,332	-	-
Executive directors					
David Young [9]	200,000	-	200,000	-	-
Total	326,009	-	326,009	-	-

(1) Resigned on 25 November 2016
(2) Resigned on 7 December 2016
(3) Resigned on 28 July 2016
(4) Appointed on 12 August 2016
(5) Appointed on 14 November 2016
(6) Appointed on 1 November 2016
(7) Resigned on 31 December 2016
(8) Resigned on 15 January 2016.
(9) Resigned as an executive director and became a non-executive director on 29 February 2016.

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Equity held by key management personnel

(a) SHAREHOLDINGS

The number of ordinary shares held by KMP both directly, indirectly are as follows:

2017	Held at start of year/ Appointment date	Acquired during the year	Other Changes [8]	Held at end of year/ Resignation date
Non-executive directors				
Peter Ruxton	-	-	-	-
Simon Dorling [1]	455,000	-	(424,666)	30,334
John Hodder [2]	-	-	-	-
David Young [3]	3,901,333	-	(3,641,244)	260,089
Executive directors				
Mark Arnesen [4]	500,000	70,064,757	(65,533,773)	5,030,984
Adam Smits [5]	-	110,000	(56,000)	54,000
Other executives				
Anthony Begovich [6]	-	86,000	(33,600)	52,400
Pat Holywell [7]	25,000	355,000	(280,000)	100,000
TOTAL	4,881,333	70,615,757	(69,969,283)	5,527,807

(b) OPTIONS

The number of options held by KMP both directly and indirectly are as follows:

2017	Held at start of year/ Appointment	Granted as remuneration	Exercised	Other Changes [8]	Held at end of year/ Resignation	Vested exercisable	Vested not exercisable
Non-executive directors							
Peter Ruxton	-	-	-	-	-	-	-
Simon Dorling [1]	3,000,000	-	-	(2,800,000)	200,000	200,000	-
John Hodder [2]	-	-	-	-	-	-	-
David Young [3]	10,000,000	-	-	(9,333,333)	666,667	666,667	-
Executive directors							
Mark Arnesen [4]	-	30,000,000	-	(28,000,000)	2,000,000	-	-
Adam Smits [5]	30,000,000	-	-	(28,000,000)	2,000,000	-	-
Other executives							
Anthony Begovich [6]	-	15,000,000	-	(14,000,000)	1,000,000	-	-
Pat Holywell [7]	-	15,000,000	-	(15,000,000)	-	-	-
TOTAL	43,000,000	60,000,000	-	(97,133,333)	5,866,667	866,667	-

[1] Resigned on 25 November 2016
[2] Resigned on 7 December 2016
[3] Resigned on 28 July 2016
[4] Appointed on 12 August 2016
[5] Appointed on 14 November 2016
[6] Appointed on 1 November 2016
[7] Resigned on 31 December 2016
[8] Other changes refers to the 15:1 equity consolidation (except P Holywell whose options were forfeited)

Fair value of options granted

The fair value of the options granted to KMP during the year, on a post-consolidation basis, were:

	Fair Value Per Option $
Unlisted options exercisable at $0.2055 expiring 21 September 2026 (A Options)	$0.2175
Unlisted options exercisable at $0.2130 expiring 24 November 2026 (B Options)	$0.2190

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The following tables list the inputs to the model for the options granted to KMP during the year:

	A Options	B Options
Dividend yield (%)	Nil	Nil
Expected volatility (%)	131%%	131%
Risk free interest rate (%)	2.25%	2.25%
Exercise price ($)	$0.2055	$0.2130
Marketability discount (%)	Nil	Nil
Expected life of options (years)	10 years	10 years
Share price at grant date ($)	$0.225	$0.225

(c) LOAN TO KEY MANAGEMENT PERSONNEL

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

(d) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with other key management personnel during the current or prior year.

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

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



Peter Ruxton
Chairman
29 September 2017

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF NZURI COPPER LIMITED

As lead auditor of Nzuri Copper Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Nzuri Copper Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Nzuri Copper Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Nzuri Copper Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 2a in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2017, the carrying value of Exploration and Evaluation Assets was $26,264,499 (30 June 2016: $412,065) as disclosed in Note 13. As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 2(n), Note 3 and Note 13 to the financial report.

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Accounting for the Acquisition of Kalongwe Mining SA

Key audit matter	*How the matter was addressed in our audit*
On 7 July 2016 the Group obtained a controlling interest in the Kalongwe Copper-Cobalt project by increasing its interest in Kalongwe Mining SA (KMSA) from 30% to 70% for purchase consideration of $11,991,147. On 2 November 2016, the Group acquired an additional 15% interest in KMSA for purchase consideration of $3,940,628. The Group treated the transaction as an asset acquisition, rather than a business acquisition. Accounting for this transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be classed as an asset or business acquisition, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration.	Our procedures included, but were not limited to: • Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset or business acquisition; • Reviewing the sale and purchase agreement to understand key terms and conditions; • Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation; • Evaluating management's assessment of the fair value of the net assets acquired; • Agreeing that no goodwill was recognised and that costs associated with the acquisition were capitalised in order to be in line with the correct accounting policy for asset acquisitions; and • Assessing the adequacy of the related disclosures in Note 3 and Note 5 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in paragraphs pages 19 to 26 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Nzuri Copper Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

Dean Just

Director

Perth, 29 September 2017

DIRECTORS' DECLARATION

The Directors declare that:

The financial statements and notes, as set out on pages 33 to 65 are in accordance with the Corporations Act 2001 including:

- In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group and the Company;
- In the directors' opinion, the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note 2 to the financial statements; and
- The Directors have been given the declarations required by section 295A of the Corporations Act 2001 by the Chief Executive Officer and the Chief Financial Officer.

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

On behalf of the directors,



Peter Ruxton
Chairman
29 September 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Interest income		110,285	22,403
Other income		250	-
Depreciation		(3,470)	-
Employee benefits expense	6a	(1,046,236)	(707,644)
Finance cost	6b	(156,328)	(2,192,088)
Impairment expense	6d	-	(50,529)
Dispute resolution settlements		-	(791,657)
Loss on disposal of subsidiary		-	(2,015,441)
Share of net loss of associate		-	(465,067)
Other expenses	6c	(1,593,505)	(1,206,272)
Loss before income tax benefit		(2,689,004)	(7,406,295)
Income tax benefit	7	-	-
Net loss after income tax for the year		(2,689,004)	(7,406,295)
Net loss for the year is attributable to:			
Non-controlling interest		-	-
Owners of Nzuri Copper Limited		(2,689,004)	(7,406,295)
		(2,689,004)	(7,406,295)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Effects of foreign currency translation		(203,036)	(6,469)
Total other comprehensive income/(loss) for the year, net of tax		(203,036)	(6,469)
Total comprehensive loss for the year		(2,892,040)	(7,412,764)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(210,510)	-
Owners of Nzuri Copper Limited		(2,681,530)	(7,412,764)
		(2,892,040)	(7,412,764)
Loss per share		Cents	Cents
Basic and diluted loss per share	8	(1.40)	(50.66)

The financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	9	6,296,778	823,465
Trade and other receivables	10	52,560	85,399
Inventory		58,402	-
Total current assets		6,407,740	908,864
Non-current assets			
Trade and other receivables	10	619,850	-
Other financial assets	11	50,357	-
Plant and equipment	12	405,838	-
Exploration and evaluation assets	13	26,264,499	412,065
Investments accounted for using the equity method	14	-	4,267,704
Total non-current assets		27,340,544	4,679,769
Total assets		33,748,284	5,588,633
Current liabilities			
Trade and other payables	15	728,989	3,296,861
Borrowings	16a	-	876,243
Provisions		14,840	-
Total current liabilities		743,829	4,173,104
Non-current liabilities			
Borrowings	16b	1,850,015	-
Total non-current liabilities		1,850,015	-
Total liabilities		2,593,844	4,173,104
Net assets		31,154,440	1,415,529
Equity			
Issued capital	17a	82,150,599	42,788,896
Convertible loan & bridge loan	18	-	5,596,863
Reserves	19	(3,920,943)	(6,468)
Accumulated losses		(49,652,766)	(46,963,762)
Equity attributable to owners		28,576,890	1,415,529
Non-controlling interest	21	2,577,550	-
Total equity		31,154,440	1,415,529

The financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Convertible Loan	Reserves	Accumulated Losses	Non-controlling Interest	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2015	42,748,463	1,500,000	14,151,983	(53,738,634)	(2,026,531)	2,635,281
Loss for the year	-	-	-	(7,406,295)	-	(7,406,295)
Other comprehensive loss for the year	-	-	(6,469)	-	-	(6,469)
Total comprehensive loss for the year	-	-	(6,469)	(7,406,295)	-	(7,412,764)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	40,433	-	-	-	-	40,433
Share-based payments	-	-	-	-	-	-
Convertible loan agreement	-	4,096,863	-	-	-	4,096,863
Changes in ownership interests in subsidiaries:						
De-recognition of foreign currency reserve	-	-	29,185	-	(29,604)	(419)
De-recognition of non-controlling interest on disposal	-	-	-	-	2,056,135	2,056,135
Transfer of ownership dilution reserve on disposal of non-controlling interest	-	-	(6,768,199)	6,768,199	-	-
Transfer of option reserve on vested share options	-	-	(7,412,968)	7,412,968	-	-
Balance at 30 June 2016	42,788,896	5,596,863	(6,468)	(46,963,762)	-	1,415,529
Loss for the year	-	-	-	(2,689,004)	-	(2,689,004)
Other comprehensive loss for the year	-	-	7,474	-	(210,510)	(203,036)
Total comprehensive loss for the year	-	-	7,474	(2,689,004)	(210,510)	(2,892,040)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	39,361,703	-	-	-	-	39,361,703
Share-based payments	-	-	220,802	-	-	220,802
Convertible loan conversion	-	(5,596,863)	-	-	-	(5,596,863)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	5,583,212	5,583,212
Transactions with non-controlling interests	-	-	(4,142,751)	-	(2,795,152)	(6,937,903)
Balance at 30 June 2017	82,150,599	-	(3,920,943)	(49,652,766)	2,577,550	31,154,440

The financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Interest received		111,832	9,023
Interest paid		(1,650)	-
Payments to suppliers and employees		(2,379,786)	(1,451,364)
Settlement payment to Afrimines	15	(1,571,503)	-
Net cash (used) in operating activities	22	(3,841,107)	(1,442,341)
Cash flows from investing activities			
Payment of security deposits		(10,652)	-
Payments for plant, property and equipment		(14,172)	-
Payments for investments		-	(1,015,293)
Payment for acquisition of subsidiaries, net of cash acquired		(6,958,948)	-
Payments for exploration and evaluation		(4,503,741)	(280,854)
Proceeds from asset disposals		-	79,517
Payment of cash upon disposal of subsidiaries		-	(200,924)
Net cash (used) in investing activities		(11,487,513)	(1,417,554)
Cash flows from financing activities			
Proceeds from issue of shares		20,913,049	-
Share issue transaction costs		(108,534)	(4,565)
Proceeds from convertible notes		-	2,100,000
Net cash from financing activities		20,804,515	2,095,435
Net increase/(decrease) in cash and cash equivalents		5,475,895	(764,460)
Cash and cash equivalents at the beginning of the financial year		823,465	1,597,497
Effects of foreign exchange movements on cash		(2,582)	(9,572)
Cash and cash equivalents at the end of the financial year	9	6,296,778	823,465
Non-cash financing and investing activities	22		

The financial statements should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Nzuri Copper Limited (Nzuri or the Company) (formerly Regal Resources Limited) is a for profit company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX).

The consolidated financial report of the Group as at, and for the year ended 30 June 2017 comprises the consolidated financial statements of the Company and its subsidiaries (together referred to as the Group).

The financial statements are presented in the Australian currency.

The consolidated financial statements were authorised for issue by the directors on 28 September 2017.

2. Significant accounting policies

(a) BASIS OF PREPARATION

Statement of compliance

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

Australian Accounting Standards set out accounting policies that result in the presentation of reliable and relevant information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

Basis of measurement

The financial report has been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as disclosed in the accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2.

Comparative information

Certain comparative information in the financial report may have been reclassified to aid comparability with the current period.

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Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as Group in these financial statements). Control is achieved when the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Going Concern

For the year ended 30 June 2017 the entity recorded a loss of $2,689,004, had net cash outflows from operating activities of $3,841,107 and cash balance of $6,296,778.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements in the short term but will need to secure additional funding within the next twelve months in order to carry out its planned activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the entity to continue as a going concern is dependent on securing additional funding through either a capital raising, potential offtake deals or debt financing or a combination of all three to continue to fund its operations.

The Company is in negotiations with a number of interested parties regarding potential funding through one of them funding alternatives mentioned above. As at the date of this report the negotiations are ongoing.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

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(b) SEGMENT REPORTING

An operating segment is identified as the component of the Group that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(c) REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(d) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other bowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(e) INCOME TAX

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

The current income tax charge is calculated on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

(f) GOODS AND SERVICES TAX/VALUE ADDED TAX

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST) and value added tax (VAT), unless the GST/VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

(g) FOREIGN CURRENCY TRANSLATION

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rate, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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(h) SHARE BASED PAYMENTS

Equity-settled share-based payments in return for goods and services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments.

(i) EARNINGS PER SHARE

Basic earnings per share

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

Diluted earnings per share

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

(j) CASH AND CASH EQUIVALENTS

For the purpose of presentation in consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to significant risk of changes in value, and bank overdrafts.

(k) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and, other than those that meet the definition of equity instruments, are subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debts. Loss events include financial difficulty or bankruptcy of the debtor, significant delay in payments and breaches of contracts. The impairment loss, measured as the difference between the debt's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate, is recognised in profit or loss. When the debt becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

(l) JOINT VENTURES

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its joint venture is accounted for using the equity method.

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Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(m) INVESTMENTS IN ASSOCIATES

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost. The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in an associate is not tested separately; rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

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

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

When a Group entity transacts with its associate, profits and losses resulting from those transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(n) EXPLORATION AND EVALUATION ASSETS

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise 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. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off or provided against.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the profit or loss account.

(o) IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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(p) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life as follows:

- Motor vehicle: 4 years
- Plant and equipment: 3-5 years
- Computer equipment: 2-3 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(q) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms. They are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(r) EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The short-term employee benefit obligations are presented as payables.

(s) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(t) BORROWINGS

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

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

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(u) CONVERTIBLE LOANS AND NOTES

Convertible loans and notes that can be converted to a fixed number of ordinary shares at the option of the company are recognised in equity.

Convertible loans and notes that exhibits characteristics of a liability are recognised as a liability in the statement of financial position.

Any directly attributable transaction costs are allocated to the liability and equity components.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized unless there is a change to the contractual arrangement governing the convertible notes.

(v) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

New, revised or amended Accounting Standards and Interpretations adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The adoption of these Accounting standards however, did not have any significant impact on the financial performance or position of the Group. Any new, revised and amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards issued but not yet effective

A number of new standards, amendment of standards and interpretations have recently been issued but are not yet effective and have not been adopted by the Group as at the financial reporting date.

The Group has reviewed these standards and interpretations, and with the exception of the items listed below for which the final impact is yet to be determined, none of the new or amended standards will significantly affect the Group's accounting policies, financial position or performance.

Reference and title	Summary	Application date of standard *	Application date for Group *
AASB 9 Financial Instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	1 January 2018	1 July 2018

AASB 15 Revenue from Contracts with Customers	AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures regarding revenue are also introduced. Based on an initial impact assessment, the new standard is not expected to significantly impact revenue recognition.	1 January 2018	1 July 2018
AASB 16 Leases	This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.	1 January 2019	1 July 2019

* Designates the beginning of the applicable annual reporting period

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS

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

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

Determination of JORC mineral resource estimate

The Group reports its mineral resource estimate in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition ('the JORC code') as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves or resources being restated.

Impairment of Exploration and evaluation assets

The Group accounts for Exploration and evaluation assets in accordance with its policy (refer Note 2(n)).

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

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The estimated recoverable amount of the Group's Kalongwe Copper-Cobalt development project is supported by a DCF model based on the results from a scoping study and preliminary feasibility studies performed by consultants engaged by the Company and a number of judgements, estimates and assumptions made by management.

The use of judgements, estimates and assumptions made by management are based on actual or conservative estimates of latest available information by market commentators.

The Group's other project the Fold and Thrust Belt JV exploration project is considered to not be at the stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The future recoverability of Exploration and evaluation assets is dependent on a number of factors, including whether the Group decides to exploit the related concession itself or, if not, whether it can successfully recover the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised Exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Asset Acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

Convertible loans and notes

Convertible loans and notes issued by the Group are either recognised in equity or as a liability upon initial recognition based on the characteristics of the Convertible loans and notes and the Group's intentions. Any directly attributable transaction costs are allocated to the liability and equity components. Costs related to modifications of preceding convertible note agreements to facilitate further funding is treated as a finance cost and recognised in the profit or loss as incurred.

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model and the assumptions and carrying amount at the reporting date.

Deferred income tax benefit from carried forward tax losses

Unused tax losses have not been recognised as a deferred tax asset as the future recovery of those losses is subject to the Group satisfying the requirements imposed by the regulatory taxation authorities. The amount of unrecognised carry forward tax losses is based on management's assessment of their ability to meet the same business or the modified continuity of ownership test. The benefits of these deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

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Tax in foreign jurisdictions

The consolidated entity operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to income tax, goods and services tax, withholding tax and employee income tax. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss in the period in which they are settled.

4. SEGMENT INFORMATION

The consolidated entity operated in one industry being mining and exploration operations in the Democratic Republic of Congo. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and determining the allocation of resources. There is no aggregation of operating segments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

5. ASSET ACQUISITION

As at 30 June 2016, the Company held a 30% interest in Kalongwe Mining SA (KMSA), which was then accounted for as an investment using the equity method (refer note 14).

(a) Acquisition of controlling interest in KMSA (70%)

On 7 July 2016, the Company completed a series of transactions to increase its interest in KMSA from 30% to 70%, thereby obtaining control of KMSA.

The transaction is not a business combination as the assets acquired did not meet the definition of a business defined in the Australian Accounting Standards as at the date of acquisition. The acquisition of the net assets meets the definition of, and has been accounted for, as an asset acquisition

The exploration asset acquired is in the exploration phase and this together with the unique nature of the asset, means that the valuation of the asset cannot be reliably estimated and as such, the fair value of the assets acquired have been measured by reference to the value of the equity instruments granted, based on share price on the date of completion when the rights of ownership to the assets were transferred.

The series of transactions included the following:

- the issue of 199,071,002 fully paid ordinary shares at $0.01 each (pre-consolidation) and payment of US$4 million to Traxys Projects LP (Traxys);
- the issue of 166,556,072 fully paid ordinary shares at $0.01 each (pre-consolidation) and payment of US$1.255 million to La Generale Industrielle et Commerciale au Congo SPRL (GICC);
- the issue of 697,412,077 shares to Ndovu Capital VI B.V. (Ndovu) at $0.01 each (pre-consolidation) to fund the cash portion of the above transactions; and
- the transfer of amounts receivable to Traxys by KMSA totaling $5.5 million to the Company.

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Details of the fair value of the assets acquired at 7 July 2016 (in Australian dollars) being the date control of KMSA was obtained, are as follows:

	7 July 2016 $
Purchase consideration	
Cash	7,047,156
Shares	6,215,661
Cost of 30% interest in KMSA	4,267,704
Loan re-assigned	(5,539,374)
Total purchase consideration	11,991,147
Net assets acquired	
Cash	88,208
Other assets	544,545
Plant and equipment	107,672
Exploration and evaluation assets	17,308,436
Other liabilities	(474,502)
Net identifiable assets acquired	17,574,359
Less: Non-controlling interests	(5,583,212)
Net assets acquired	11,991,147

(b) Further interest acquired in KMSA (85%)

On or around 2 November 2016, the Company acquired an additional 15% interest in KMSA from GICC for $3,940,628 (US$3 million) via a convertible loan provided by Tembo Capital (Convertible Loan) and the transfer of amounts receivable to GICC by KMSA totaling US$2.4 million to the Company. The Convertible Loan and accrued interest based on a rate of 8% per annum was settled via the issue of 18,011,076 fully paid ordinary shares at $0.227 each (post consolidation) on 22 March 2017 (refer note 15 for further details).

	2017 $	2016 $
6. EXPENSES		
(a) Employee benefits expenses		
Wages and salaries	686,460	571,017
Director fees	70,290	126,605
Superannuation	64,490	10,022
Share based payments	220,802	-
Other employee benefits	4,194	-
	1,046,236	707,644
(b) Finance costs		
Convertible loan & bridge loan [1]	-	1,914,286
Convertible loan [2]	147,886	-
Interest [3]	7,610	277,802
Bank fees	832	-
	156,328	2,192,088

[1] Convertible loan & bridge loan finance costs for 2016 relates to the recognition of better terms provided to Convertible loan & bridge loan holders.

[2] Convertible loan finance costs refers to the amortised costs of the interest and conversion discount of the Convertible loan up until it was settled on 23 March 2017.

[3] The majority of the Interest finance costs for 2017 and 2016 relates to the Convertible bridge loan.

	2017 $	2016 $
(c) Other expenses		
Administrative costs	54,700	(692)
Occupancy costs	38,986	18,431
Corporate costs [1]	1,871,630	1,055,284
Net foreign exchange (gain)/loss	(371,811)	133,249
	1,593,505	1,206,272

[1] The majority of the increase in Corporate costs in 2017 relates to non-cash costs totaling $697,147, associated with issuing shares to a consultant for services provided to the Company that was approved by shareholders.

(d) Impairment		
Available for sale financial assets	-	22,124
Exploration expenditure	-	4,844
Property, plant and equipment	-	23,561
	-	50,529

7. INCOME TAX BENEFIT

Reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(2,689,004)	(7,406,295)
Tax at the statutory tax rate of 27.5% (2016: 30%)	(739,476)	(2,221,889)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
– Tax effect of permanent differences	587,676	1,142,775
– Unused tax losses and temporary differences not recognised as deferred tax assets in Australia	149,209	939,594
– Unused tax losses and temporary differences not recognised as deferred tax assets from overseas	-	-
– Share based payments	-	-
– Share of loss of Associate	-	139,520
– Difference in overseas tax rates	2,591	-
Income tax benefit	-	-
Deferred tax assets not recognised and comprising temporary differences attributable to:		
Tax losses - revenue	9,069,985	11,827,264
Temporary differences	104,153	704,594
Total deferred tax assets not recognised	9,174,138	12,531,858

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	2017 Cents	2016 Cents
8. EARNINGS PER SHARE		
Basic and diluted earnings per share	(1.40)	(50.66)
	$	$
Loss attributable to owners of the Company	(2,689,004)	(7,406,295)
	2017 Number of Shares	2016 Number of Shares
Weighted average number of ordinary shares (post consolidation) for the purposes of basic loss per share [1]	191,776,729	14,619,843

As the Company has made a loss for the years ended 30 June 2017 and 30 June 2016, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

[1] The 2017 and 2016 weighted average number of shares have been adjusted to reflect the 15:1 security consolidation in January 2017.

	2017 $	2016 $
9. CASH AND CASH EQUIVALENTS		
Cash on hand	364	-
Cash at bank	6,296,414	823,465
	6,296,778	823,465
10. TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	25,229	13,775
Goods and services tax	27,331	71,624
	52,560	85,399
Non-Current		
Value added tax	619,850	-
	619,850	-

Value added tax (VAT)receivable non-current refers to a receivable by the company's subsidiary in the DRC which can only be offset against VAT attributable to future sales.

11. OTHER FINANCIAL ASSETS		
Security deposits / bonds	50,357	-

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	2017 $	2016 $
12. PLANT AND EQUIPMENT		
Plant and equipment – cost	623,286	-
Plant and equipment – accumulated depreciation	(217,448)	-
	405,838	-

Movements:	Equipment $	Motor Vehicles $	Total $
Balance at 1 July 2016	-	-	-
Additions	71,266	308,739	380,005
Acquisition of subsidiary (refer note 5)	222,516	4	222,520
Depreciation capitalised	(151,785)	(33,119)	(184,904)
Depreciation expensed	(3,470)	-	(3,470)
Effect of foreign currency translation	(3,051)	(5,262)	(8,313)
Balance at 30 June 2017	135,476	270,362	405,838

	2017 $	2016 $
13. EXPLORATION AND EVALUATION		
Exploration and evaluation expenditure	26,264,499	412,065
Movements:		
Balance at the beginning of the year	412,065	131,214
Additions	9,947,394	280,851
Acquisition of subsidiary (refer note 5)	17,308,436	-
Foreign currency translation movement	(1,403,396)	-
Balance at end of the year	26,264,499	412,065

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

	2017 $	2016 $
14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investment in associate	-	4,732,771
Less share of loss of associate	-	(465,067)
	-	4,267,704

On the 7 July 2016, the Company acquired a controlling interest in KMSA (refer note 5). From the date it acquired a controlling interest in KMSA, the Company has ceased to account for KMSA using the equity method as recorded in the prior period.

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	2017 $	2016 $
15. TRADE AND OTHER PAYABLES		
Trade payables	619,917	424,628
Other payables [1]	55,551	2,080,576
Accruals	53,521	791,657
	728,989	3,296,861

[1] The reduction in the Other payables and Accruals balances as at 30 June 2017 is due to settlement of amounts owed to Afrimines Resources SPRL (Afrimines) being, Other payables $1,575,343, Accruals of $791,657 and Loans of $876,243 (refer note 16), via the issue of 159,256,802 shares at $0.01 each (pre-consolidation) and US$1,200,000 in cash. The settlement is a result of the Company formally terminating its involvement in the joint venture with Afrimines that was conducted through Regal SK SPRL ("Regal SK")

16. BORROWINGS

(a) Current		
Loans [1]	-	876,243
(b) Non-current		
Loans [2]	1,850,015	-

[1] Refer note 15.

[2] This reflects a loan balance of US$1.6 million owed to GICC by KMSA partially offset by amounts owed to KMSA by GICC. The loan is non-interest bearing and is only required to be repaid from surplus production proceeds from the Kalongwe Copper-Cobalt project. As required under AASB 139 Financial Instruments, the loan has been recognised at fair value on initial recognition. This value is subject to management's estimate on the timing of the repayment and interest rate. For the purposes of this calculation the repayment is forecast to occur in 2019 and the implicit interest rate is 8%.

	2017 Number of shares	2017 $	2016 Number of shares	2016 $
17. ISSUED CAPITAL				
(a) Fully paid ordinary shares	230,299,520	82,150,599	223,459,096	42,788,896

Movements:	2017 Number of shares	2017 $	2016 Number of shares	2016 $
Balance at beginning of the year	223,459,096	42,788,896	217,045,458	42,748,463
Shares issued – Convertible note	-	-	6,413,638	44,998
Shares issued – Capital raising (note 5a)	697,412,077	6,974,121	-	-
Shares issued – Acquisition of subsidiary (note 5a)	365,627,074	6,215,660	-	-
Shares issued – Settlement of liabilities (notes 15 & 16)	159,256,802	1,592,568	-	-
Shares issued – Convertible loan & bridge loan (note 18)	384,917,247	5,763,458	-	-
Shares issued – Consultant fees [1]	89,714,757	897,148	-	-
Shares issued – Rights issue [2]	925,336,148	9,253,361	-	-
Shares issued – Underwriting fee for rights issue [2]	12,581,798	125,818	-	-
Consolidation of shares (15:1) [3]	(2,667,750,477)	-	-	-
Shares issued – Placement [4]	21,733,922	4,933,560	-	-
Shares issued – Convertible loan [5]	18,011,076	4,088,514	-	-
Capital raising costs	-	(482,505)	-	(4,565)
Balance at end of the year	230,299,520	82,150,599	223,459,096	42,788,896

[1] The Company announced in its Notice of general meeting on 30 May 2016 its intention to issue shares to a consultant (20 million at $0.01 each pre-consolidation) and a proposed director (69.7 million shares at $0.01 each pre-consolidation) for consulting work performed for the Company. The resolution was approved by shareholders on 30 June 2016.

[2] On 9 August 2016 the Company announced the completion of a 1 for 2 fully underwritten non-renounceable Rights Issue resulting in 925,336,148 shares being issued at $0.01 (pre-consolidation) raising proceeds of $9,253,361 before costs).

[3] On 12 January 2017, the Company announced a 1 for 15 security consolidation (applied to shares and options) which was completed on 7 February 2017 (Security Consolidation). The Security Consolidation was made in accordance with a resolution passed by shareholders at the Company's general meeting held on 20 January 2017.

[4] In March 2017, the Company completed placement of 21,733,922 shares to sophisticated and professional investors at $0.227 per share to raise $4,933,560 (before costs).

[5] In March 2017, the Company issued 18,011,076 shares at a deemed issue price of $0. 227 per share to Tembo Capital in settlement of the US$3 million Convertible Loan plus accrued interest.

	2017 Number of options	2016 Number of options
(b) Unlisted options	12,733,379	86,000,000
Movements:		
Balance at beginning of the year	86,000,000	86,000,000
Granted during the year	120,000,000	-
Exercised during the year	-	-
Forfeited/Expired during the year	(15,000,000)	-
Consolidation (15:1)	(178,266,621)	-
Outstanding at end of the year	12,733,379	86,000,000

All options on issue are exercisable on a 1:1 basis for ordinary fully paid shares in the Company and carry no rights to dividends and no voting rights.

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The exercise price and expiry date of Options as at 30 June 2017 are as follows:

Type	Number of options	Exercise price	Expiry date
Investor options	1,260,000	$1.2000	28/10/2017
Director and employee options	1,466,672	$1.2000	31/10/2017
Investor options	1,406,707	$1.2000	2/12/2017
Investor options	1,600,000	$1.2000	10/02/2018
Convertible bridge loan options	2,000,000	$0.9000	6/07/2021
Director and employee options	2,000,000	$0.2055	21/09/2026
Director and employee	3,000,000	$0.2130	14/11/2026
	12,733,379		
Exercisable at the end of the year	7,733,379		

	2017 $	2016 $
18. CONVERTIBLE LOAN & BRIDGE LOAN		
Convertible loan & bridge loan	-	5,596,863

Following shareholder approval on 30 June 2016 the Convertible loan & bridge loan was settled via the issue of 384,917,247 shares at $0.01 each (pre-consolidation) in July 2016 (refer note 17).

19. RESERVES

Foreign currency reserve	1,006	(6,468)
Other reserve	(4,142,751)	-
Options reserve	220,802	-
	(3,920,943)	(6,468)

Movements:	Foreign currency[1] $	Other Reserve[2] $	Options reserve[3] $	TOTAL $
Opening balance at 1 July 2015	(29,184)	6,768,199	7,412,968	14,151,983
Foreign currency translation	22,716	-	-	22,716
Transfer to accumulated losses	-	(6,768,199)	(7,412,968)	(14,181,167)
Balance at 30 June 2016	(6,468)	-	-	(6,468)
Opening balance at 1 July 2016	(6,468)	-	-	(6,468)
Foreign currency translation	7,474		-	7,474
Transactions with non-controlling interests	-	(4,142,751)	-	(4,142,751)
Options issued/(cancelled)	-	-	220,802	220,802
Balance at 30 June 2017	1,006	(4,142,751)	220,802	(3,920,943)

[1] The Foreign currency reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations that do not use Australian Dollars as their functional currency. It is also used to recognise gains and losses arising from hedges on the net investments in foreign operations.

[2] The Other reserve is used to record differences arising as a result of transactions with non-controlling interests that do not result in a loss of control.

[3] The Options reserve is used to recognise the fair value of share based payment shares/options issued.

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20. SHARE BASED PAYMENTS

(a) Employee share option plan

The Employee share option plan (ESOP or Plan) was approved by shareholders on 30 June 2016 for the purpose of attracting, motivating and retaining directors, employees and consultants and providing them with an incentive to deliver growth and value to all shareholders.

Under the ESOP the Group may offer share options to eligible participants and Directors, employees and consultants are eligible persons for the purposes of the Plan.

Under the Plan, participants are granted options which only vest if certain criteria are met. Participation in the ESOP is at the board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

The amount of options that will vest depends on meeting certain criteria which can include retention and performance milestones over a period of time, usually three years. Once vested, the options remain exercisable for a period of up to ten years. Options are granted under the Plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the 30 days up to and including the date of the grant.

	2017 $	2016 $
(b) Expenses arising from share based payments		
Employee benefits expense	220,802	-

(c) Summary of movements in options granted as share based payments

The following table details the number and weighted average exercise price (WAEP) of, and movements in, unlisted options issued as share based payments during the year:

	2017 Number of options	2017 WAEP	2016 Number of options	2016 WAEP
Outstanding at beginning of the year	22,000,000	$0.0800	22,000,000	$0.0800
Granted during the year	90,000,000	$0.0140	-	-
Exercised during the year	-	-	-	-
Forfeited/Expired during the year (iii)	(15,000,000)	$0.0137	-	-
Consolidation (15:1)	(90,533,328)	n/a	-	-
Outstanding at year end	6,466,672	$0.7641	22,000,000	$0.0800
Vested and exercisable at the end of the year	1,466,672		22,000,000	

(d) Options on issue at 30 June 2017 granted as share based payments

Grant date	Expiry date	2017 Exercise price	2017 Number of options	2016 Exercise price	2016 Number of options
29 November 2012	31 October 2017	$1.2000	1,366,672	$0.0800	20,500,000
10 April 2014	31 October 2017	$1.2000	100,000	$0.0800	1,500,000
26 September 2016	26 September 2026	$0.2055	2,000,000	-	-
14 November 2016	14 November 2026	$0.2130	3,000,000	-	-
			6,466,672		22,000,000
Weighted average remaining contractual life of options			7.47 years		1.33 years

(e) Fair value of options granted

The fair value of the options granted during the year, on a post-consolidation basis, were:

	Fair Value Per Option $
Unlisted options exercisable at $0.2055 expiring 21 September 2026 (A Options)	$0.2175
Unlisted options exercisable at $0.2130 expiring 24 November 2026 (B Options)	$0.2190

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The following tables list the inputs to the model for the options granted during the year:

	A Options	B Options
Dividend yield (%)	Nil	Nil
Expected volatility (%)	131%	131%
Risk free interest rate (%)	2.25%	2.25%
Exercise price ($)	$0.2055	$0.2130
Marketability discount (%)	Nil	Nil
Expected life of options (years)	10 years	10 years
Share price at grant date ($)	$0.225	$0.225

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	2017 $	2016 $
21. NON-CONTROLLING INTEREST		
Comprehensive income	(210,510)	-
Disposal of controlling interest in Regal SK	-	2,026,531
Acquisition of controlling interest in KMSA	5,583,212	-
Other transactions	(2,795,152)	-
	2,577,550	2,026,531
(a) Summarised financial information		
Net assets	17,183,664	-
Accumulated NCI	2,577,550	-
22. CASHFLOW INFORMATION		
(a) Reconciliation of loss after income tax		
Loss after income tax benefit for the year	(2,689,004)	(7,406,295)
Adjustments for:		
Depreciation and amortisation	3,470	-
Finance cost	147,886	1,914,286
Corporate costs	697,148	-
Impairment expenses	-	50,529
Interest accrued	-	277,802
Loss on foreign exchange	(371,811)	133,249
Loss on disposal of subsidiary	-	2,015,441
Share based payments	220,802	-
Share of net loss of associate	-	465,067
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	32,839	2,209
Decrease/(increase) in inventory	(58,402)	-
Decrease/(increase) in other current assets	-	23,257
Increase/(decrease) in trade and other payables	(1,825,606)	1,082,114
Increase/(decrease) in provisions	1,571	-
Net cash (used in) operating activities	(3,841,107)	(1,442,341)
(b) Non-cash investing and financing activities		
Acquisition of subsidiary (note 5a)	6,215,661	-
Settlement of Convertible loan & bridge loan and accrued interest (note 18)	5,763,458	-
Settlement of Underwriting fees for rights issue (note 17)	125,818	
Settlement of increased interest in subsidiary (note 5b)	4,088,514	-
	16,193,451	-

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23. PARENT ENTITY INFORMATION

	2017 $	2016 $
(a) Financial position		
Assets		
Current assets	6,355,118	801,810
Non-current assets	24,974,877	6,684,462
Total assets	31,329,995	7,486,272
Liabilities		
Current liabilities	175,555	4,149,581
Non-current liabilities	-	-
Total liabilities	175,555	4,149,581
Net assets	31,154,440	3,336,691
Equity		
Contributed equity	82,150,599	42,788,895
Other equity - Convertible loan & bridge loan	-	5,596,863
Other reserves	220,802	7,412,967
Accumulated losses	(51,216,961)	(52,462,034)
	31,154,440	3,336,691
(a) Financial performance		
Profit/(loss) after income tax	1,245,053	(4,957,383)
Other comprehensive income	-	-
Total comprehensive loss	1,245,053	(4,957,383)

24. SUBSIDIARIES

Name of entity	Country of incorporation	2017 Equity holding %	2016 Equity holding %
Kalongwe Holdings Ltd	British Virgin Islands	100	100
Kalongwe Holdings No 2 Ltd	British Virgin Islands	100	100
Kalongwe Holdings No 3 Pty Ltd	Australia	100	100
Kalongwe Resources Pty Ltd	Australia	100	100
Western Victoria Energy Pty Ltd	Australia	100	100
Magma Oil Pty Ltd	Australia	100	100
Katanga Mining Consultants (Pty) Ltd	South Africa	100	100
Kalongwe Mining SA	Democratic Republic of Congo	85	30

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25. INTEREST IN ASSOCIATE

Name of associate	Country of incorporation	2017 Equity holding %	2016 Equity holding %
Kalongwe Mining SA	Democratic Republic of Congo	n/a *	30

*As detailed in note 5, during the year ended 30 June 2017, the company increased its interest in Kalongwe Mining SA (KMSA) to 85%. At 30 June 2017, this entity is accounted for as a subsidiary (refer note 24).

	2017 $	2016 $
26. COMMITMENTS		
(a) Lease commitments		
Within one year	47,175	-
Between one and five years	-	-
Longer than five years	-	-
	47,175	-

The group has entered into operating lease arrangements in respect of its corporate head office and KMSA regional offices. The associated expenditure commitments are summarised as follows:

(b) Mineral exploration and mining tenements

The Group pays approximately US$90,000 in annual land taxes in relation to its tenements in the DRC.

27. CONTINGENCIES

The Group has no material contingent liabilities or assets as at reporting date.

28. DIVIDENDS

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

29. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

Interests in subsidiaries are set out in note 24.

(b) Key management personnel compensation

	2017 $	2016 $
Short-term employee benefits	682,083	326,009
Post-employment benefits	120,983	-
Share-based payments	220,802	-
	1,023,868	326,009

Information regarding individual directors' and executives' compensation and equity instrument disclosures are disclosed in the Remuneration report.

(c) Other transactions with key management personnel

There were no other transactions with key management personnel during the current or prior financial year.

(d) Transactions with other related parties

	2017 $	2016 $
Settlement of Establishment fees for Convertible loan & Bridge loan [1]		80,477
Reimbursement of Legal expenses [2]	30,855	-
Payment of Director fees [3]	40,000	-
Issue of Subscription shares [4]	6,974,121	-
Settlement of Convertible loan & bridge loan and accrued interest [5]	4,181,627	-
Issue of Rights issue shares [6]	6,923,468	-
Settlement of Underwriting fees for rights issue [7]	125,818	-
Settlement of Convertible loan and accrued interest [8]	4,088,514	-
	22,364,403	80,477

Ndovu Capital VI B.V. (Ndovu) is part of the Tembo Capital group. Ndovu, a company which Peter Ruxton is a director of, was involved in the following transactions:

1 1,356,495 shares, at a deemed issue price of $0.035 per share (pre-consolidation), and 3,300,000 shares at a deemed issue price of $0.01 per share (pre-consolidation) were issued to Ndovu in settlement of establishment fees payable on the Convertible Loan & Bridge loan.

2 Reimbursement of legal fees associated with Convertible loan & bridge loan agreement incurred by Tembo capital.

3 Payment of non-executive director fees for Peter Ruxton to Tembo Capital for the year.

4 697,412,077 shares at $0.01 each (pre-consolidation) were issued to Ndovu to fund the cash portion of the transactions described in note 5(a).

5 279,273,345 shares at a deemed $0.015 each and 30,000,000 Options with an exercise price of $0.06 each expiring on 6 July 2021 (pre-consolidation) were issued to Ndovu in settlement of Convertible loan & bridge loan and accrued interest.

6 692,346,829 shares at $0.01 each (pre-consolidation) were issued to Ndovu in relation to the Rights issue announced on 4 July 2016.

7 12,581,798 shares at $0.01 each (pre-consolidation) in relation to underwriting fees for Rights Issue.

8 18,011,076 shares at a deemed issue price of $0.227 per share (post-consolidation) were issued to Ndovu in settlement of Convertible loan and accrued interest.

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

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(e) Outstanding balances with Related Parties

Ndovu Capital VI B.V. (Ndovu - a company related to P. Ruxton)	2017 $	2016 $
Interest on Convertible loan & bridge loan [1]	-	104,772
Finance costs arising from renegotiated terms for Convertible loan & bridge loan [1]	-	1,200,000
Convertible loan & bridge loan principle [1]	-	2,682,577
Director fees [2]	20,000	-
	20,000	3,987,349

[1] These transactions involve amounts owing to Tembo Capital.

[2] This transaction relates to non-executive director fees payable for Peter Ruxton to Tembo Capital for the six months ending 30 June 2017.

All the outstanding balances with related parties are included in trade and other payables except the Convertible loan & bridge loan principal which is reflected in equity.

30. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables and borrowings. The main risks affecting these financial instruments are market risk (e.g. foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board manages the Group's exposure to these risks which are recurring items for deliberation at Board meetings.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investment in its subsidiaries in the DRC.

The Group currently does not hedge its net investment in its foreign operations.

The Group also has transactional currency exposures from operating costs and concession payments that are denominated in currencies other than the Australian dollar ('AUD'). The currencies in which these transactions are primarily denominated are the United States dollar ('USD').

The Board attempts to mitigate the effect of its foreign currency exposure by acquiring USD in accordance with budgeted expenditures when the exchange rate is favourable.
As at 30 June 2017, the Group had the following exposure to USD that is not designated in cash flow hedges:

	2017 $	2016 $
Financial assets		
Cash and cash equivalents	17,772	-
Trade and other receivables	25,418	-
	43,190	-
Financial liabilities		
Trade and other payables	(568,274)	(3,243,243)
Net exposure	(525,084)	(3,243,243)

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The following tables demonstrate the sensitivity to a reasonably possible change in the AUD/USD exchange rate with all other variables held constant.

The impact on the Group's pre-tax profit is due to changes in the fair value of monetary assets and liabilities.

	Effect on loss before tax $	Effect on equity $
30 June 2017		
AUD/USD +10%	(52,508)	-
AUD/USD -10%	52,508	-
30 June 2016		
AUD/USD +10%	(324,324)	-
AUD/USD -10%	324,324	-

(b) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Group is exposed to interest rate risk on its cash and cash equivalent balances.

The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities.

As at 30 June 2017 the Group had the following exposure to Australian variable interest rate risk.

	2017 $	2016 $
Financial assets		
Cash and cash equivalents	6,307,172	823,465

The following sensitivity analysis is based on the judgements by management of reasonably possible movements in interest rates after consideration of the views of market commentators. As at 30 June 2017, if interest rates had moved, as indicated in the table below, with all other variables held constant, pre-tax loss would have been affected as follows:

Pre-tax loss		
+0.5% (50 basis points)	31,536	4,117
-0.5% (50 basis points)	(31,536)	(4,117)

(c) Credit risk

Credit risk is the risk to the Group if a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents (refer note 9) and trade and other receivables (refer note 10) and other financial assets (refer note 11).

The Group only trades with recognised creditworthy third parties and only invests in high credit quality financial institutions with a credit rating of investment grade or better.

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(d) Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient cash to meet its commitments as and when they fall due.

The Board manages liquidity risk by regularly reviewing the Group's liquidity position, monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The following tables summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted cash payments.

	Less than 1 month	1-3 months	3-12 months	1-5 years	Total
2017	$	$	$	$	$
Financials liabilities					
Trade and other payables	728,989	-	-	-	728,989
2016 (Restated)					
Financials liabilities					
Trade and other payables	1,648,431	1,648,431	-	-	3,296,862
Borrowings	876,243	-	-	-	876,243
	2,524,674	1,648,431	-	-	4,173,105

(e) Capital management

The Board is responsible for capital management of the Group. The Board's objective is to ensure the entity continues as a going concern as well as to maintain an optimal structure to reduce the cost of capital.

The Group is dependent from time to time on its ability to raise capital from the issue of new shares, obtain debt and its ability to realise value from its existing assets. This involves the use of cashflow forecasts to determine future capital management requirements.
Capital management is undertaken to ensure a secure, cost effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements.

As at 30 June 2017 the Group is not subject to any external capital requirements

The following table details the Group's capital:

	2017 $	2016 $
Cash and cash equivalents	6,296,778	823,465
Trade and other receivables	52,560	85,399
Trade and other payables	(728,989)	(3,296,861)
Borrowings	(1,850,015)	(876,243)
Net surplus/(debt)	3,770,334	(3,264,240)

31. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditors of the Group, its related practices and non-related audit firms:

(a) BDO firms		
Audit and other assurance services		
Audit and review	31,164	48,956
Other	7,491	-
	38,655	48,956
Non-audit services		
Corporate advice	-	37,675
Tax compliance	7,690	-
Tax advice	11,892	-
	19,582	37,675
Total remuneration of BDO firms	58,237	86,631
(b) Non-BDO firms		
Audit and other assurance services		
Audit and review	48,504	-
Non-audit services		
Tax compliance	11,824	-
Total remuneration of Non-BDO firms	48,504	-
Total auditors' remuneration	106,741	86,631

32. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There have been no other events subsequent to 30 June 2017 up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

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ADDITIONAL SECURITIES EXCHANGE INFORMATION AS AT 26 SEPTEMBER 2017

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange and not shown elsewhere in the report is as follows:

NUMBER OF HOLDINGS OF QUOTED EQUITY SECURITIES

The Company has one class of quoted equity securities: its ordinary fully paid shares.

The fully paid issued capital of the Company consisted of 230,299,520 ordinary fully paid shares held by 1,326 shareholders. Each share entitles the holder to one vote. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

DISTRIBUTION OF SHARE HOLDERS

Spread of holdings	Holders	Shares	% of Issued Capital
1 -1,000	151	29,674	0.01%
1,001 -5,000	583	1,750,399	0.76%
5,001 -10,000	242	1,845,435	0.80%
10,001 -100,000	283	8,338,193	3.62%
100,001 -9,999,999	67	218,535,819	94.81%
TOTAL	1,318	230,299,520	100.00%

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $500 parcel at $0.0195 per unit	2,564	400	510,259

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are:

Substantial shareholder	Number of shares	% Held
Ndovu Capital VI BV	132,089,113	57.36%

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TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

	Shareholder	Number of shares	% Held
1.	Ndovu Capital VI BV	132,089,113	57.36%
2.	Merrill Lynch (Australia Pty Limited	14,031,086	6.09%
3.	HSBC Custody Nominees (Australia) Limited	13,746,970	5.97%
4.	La Generale Industrielle et Commerciale au Congo SARL	11,103,739	4.82%
5.	Exploration Capital Partners 2005 Limited Partnership	7,100,070	3.08%
6.	National Nominees Limited	5,190,001	2.25%
7.	Mark Arnesen	5,030,984	2.18%
8.	JP Morgan Nominees Australia Limited	2,645,933	1.15%
9.	Dr Hossein Sabet	2,600,000	1.13%
10.	Bankes Holdings Limited	2,000,000	0.87%
11.	Capricorn Mining Pty Ltd	1,946,476	0.85%
12.	BT Portfolio Services Limited <Warrell Holdings S/F A/C>	1,500,000	0.65%
13.	Nero Resource Fund Pty Ltd <Nero Resource Fund>	1,401,322	0.61%
14.	BNP Paribus Nominees Pty Ltd	1,378,186	0.60%
15.	Oakajee Corporation Limited	1,000,000	0.43%
16.	Gecko Resources Pty Ltd	900,000	0.39%
17.	Equity Trustees Limited <Lowell Resources Fund A/C	881,057	0.38%
18.	Mimo Strategies Pty Ltd <Mimo A/C>	881,057	0.38%
19.	Odysseus Fund LP	750,000	0.33%
20.	Green Energy Metals Fund LP	750,000	0.33%
	Top 20 Total	207,218,932	89.85%

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UNQUOTED EQUITY SECURITIES

The Company's only other class of equity securities on issue are unquoted options. The Company has a total of 13,733,379 unquoted options on issue, comprised of the following:

Class	Exercise price	Expiry date	Number	Holders
NZCAN	$1.2000	28 October 2017 (unless expiry is accelerated)	1,260,000	1
NZCAM	$1.2000	31 October 2017	1,466,672	12
NZCAO	$1.2000	2 December 2017 (unless expiry is accelerated)	1,406,707	1
NZCAQ	$1.2000	10 February 2018	1,600,000	1
NZCAA	$0.9000	6 July 2021	2,000,000	1
NZCAB ESOP	$0.2055	21 September 2026 (unvested)	2,000,000	1
NZCAR ESOP	$0.2130	14 November 2026 (unvested)	3,000,000	2
ESOP	$0.1996	6 September 2027 (unvested)	500,000	1
Options	$0.1996	6 September 2027 (unvested)	500,000	1
TOTAL			13,733,379	21

There are no voting rights attached to any class of options.

ON-MARKET BUY-BACK

The Company does not have a current on-market buy-back.

MINING TENEMENT SCHEDULE

Project/tenement	Location	Held at 30 June 2017
Kalongwe Project: PE12198	The Democratic Republic of the Congo	85%

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COMPETENT PERSON STATEMENT

Scientific or technical information in this report that relates to Exploration Results has been prepared by Dr Peter Ruxton, the Company's Technical Director.

Dr Peter Ruxton is a member of the Metals, Minerals and Mining (MIMMM) and a Fellow of the Geological Society of London (FGS) and has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code).

Dr Peter Ruxton consents to the inclusion in this report of the information, in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

This report contains statements that are "forward-looking". Generally, the words "expect," "intend," "estimate," "will" and similar expressions identify forward-looking statements. By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results, performance or achievements, or that of our industry, to differ materially from those expressed or implied in any of our forward-looking statements.

Statements in this report regarding the Company's business or proposed business, which are not historical facts, are "forward looking" statements that involve risks and uncertainties, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties.

Actual results in each case could differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.

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