



Centennial Mining Limited

ABN: 50 149 308 921

Annual Report

30 June 2017



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Corporate Information

Centennial Mining Limited

ABN 50 149 308 921

Directors

Dale Rogers	–	Executive Chairman
Jamie Cullen	–	Non-Executive Director
Anthony Gray	–	Non-Executive Director

Company Secretary

Dennis Wilkins

Registered Office

Unit 1
10 Mary Street
Como WA 6152
Telephone: (08) 9389 2111

Principal Place of Business

A1 Gold Mine
Woods Point Road
MANSFIELD VIC 3722
Telephone: +61 3 5777 8125

Website

www.centennialmining.com

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone +61 8 9315 2333
Facsimile +61 8 9315 2233

Bankers

ANZ Bank
190 Auburn Street
GOULBURN NSW 2580

Auditors

HLB Mann Judd
Level 4,
130 Stirling Street
PERTH WA 6000

ASX Code

CTL

Executive Chairman's Letter to Shareholders

Fellow Shareholders,

On behalf of the Board of Directors of Centennial Mining Limited (**Centennial**), it is my pleasure to present to you our Company's Annual Report for 2017.

The 2017 Year was an exciting one for the Company and included a great deal of activity and change for the better. Some of the more significant milestones achieved during the Year included:

- Completion of a highly successful resource definition drilling programme at the A1 Gold Mine;
- Recommencing mine development and mechanised mining at the A1 Gold Mine;
- Commencing first long hole stope at the A1 Gold Mine;
- Transitioned to owner operating, using the old equipment at the A1 Gold Mine;
- Two consecutive Quarters of record gold production in the March and June Quarters, and
- Commenced pre-development work at the Union Hill Mine at Maldon in preparation for trial mining.

Revenue from the sale of gold and silver during this period totalled almost \$26 million.

Subsequent to the end of Financial Year the Magenta Zone Exploration Target was identified (refer ASX announcement 10 October, 2017).

Geological interpretation and modelling of historic mining and drilling data, coupled with a better understanding of the potential for long hole stoping at the A1 Gold Mine identified a near-development Exploration Target of approximately 300,000 to 500,000 tonnes grading 3.8 to 5.6 g/t Au (depending on the lower cut-off grade applied), within a broader mineralised zone referred to as the "Magenta Zone". **The Magenta Zone is exciting as over 85% of it sits outside the existing Resources at the A1 Gold Mine.**

Although the Magenta Zone is based on almost 70 diamond drill holes and a more recent understanding of the geology at the A1 Gold Mine following almost 12 months of successful long hole mining, as 52 of those diamond drill holes were drilled some years ago they cannot be used in a JORC Resource. The potential quality and grade of this Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

It is planned to drill the Magenta Zone, over the coming months, as it has the potential to provide a Resource and ultimately a mining Reserve of over two years. This will be a paradigm change for both the Mine and the Company.

Within the Magenta Zone a number of areas of higher grades potentially suitable for long hole stoping have been identified, including;

- Victory North Exploration Target
- Mahoney's Exploration Target
- Queen's Exploration Target

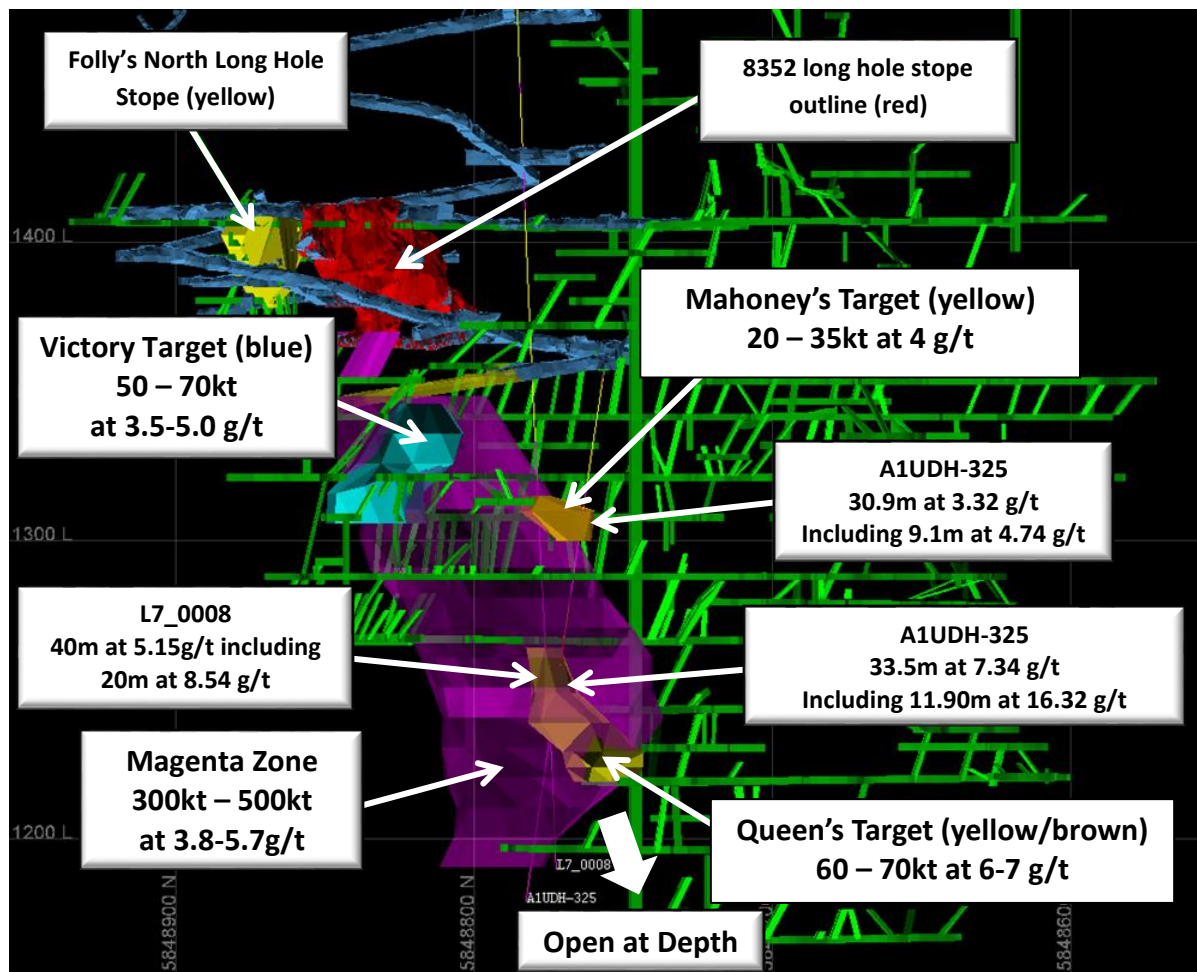


Figure 1: Long Section showing the Magenta Zone and relationship of Victory North, Mahoney's and Queen's Exploration Targets.

These potential long hole targets could provide stepping stones for the A1 Gold Mine's development allowing the Company to develop the decline down below the old historical mining levels to the 'virgin' mineralisation where the highest grade veins are untouched by historical mining.

The coming year promises to be another exciting one for the Company as we look forward to drilling these areas, adding to the Resource base at the A1 Gold Mine and achieving our production targets.

I would like to thank our Board members Anthony Gray and Jamie Cullen for their efforts over the past year and on behalf of the Board I thank you for your continued support of the Company.

Yours sincerely,

Dale C Rogers

Executive Chairman

Compliance statement

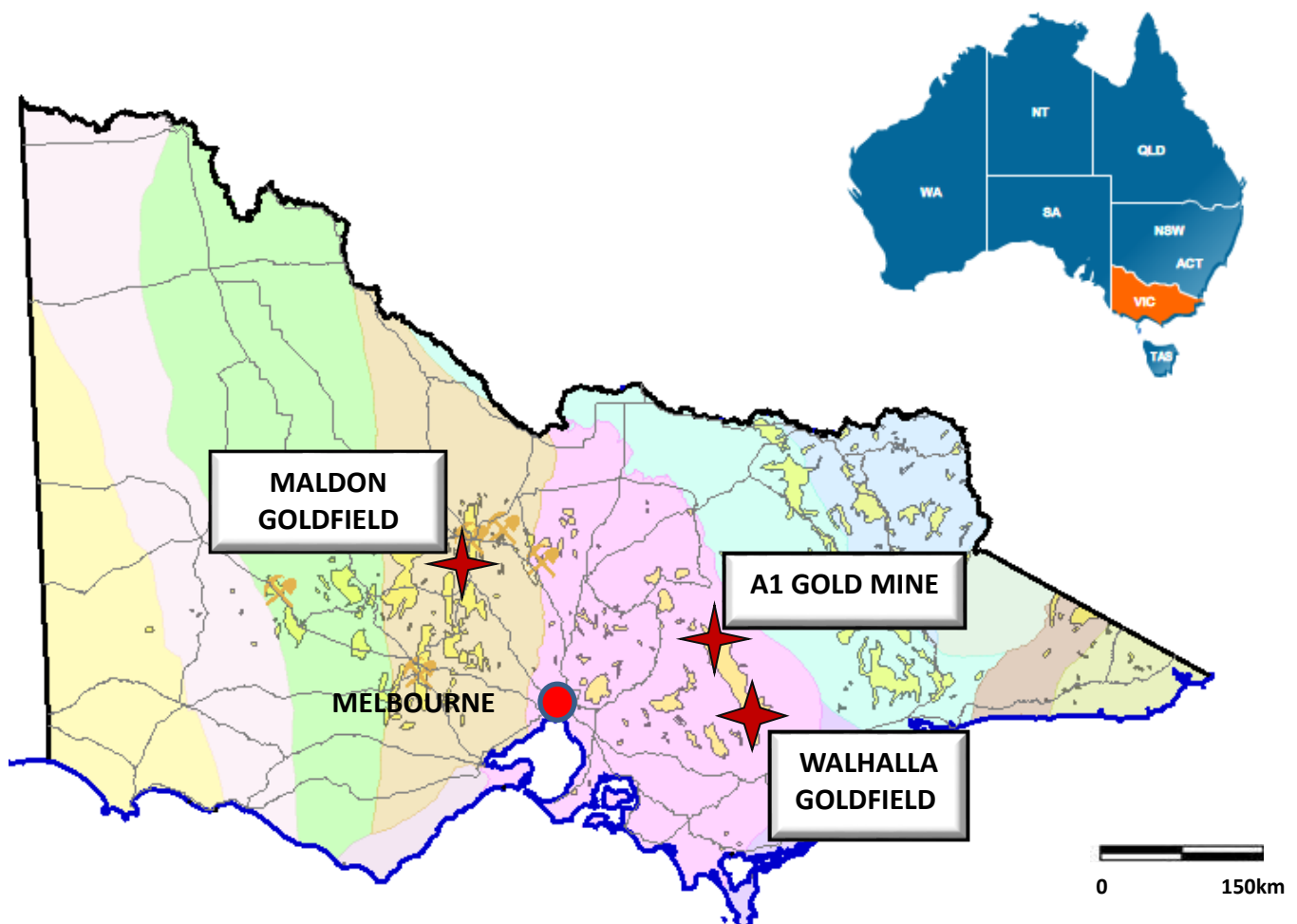
The information in this letter that relates to exploration results and exploration targets is extracted from the Company's ASX announcement dated 10 October 2017 and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and that the form and context of the information has not been materially altered.

Review of Operations

Centennial Mining Limited is an emerging junior Victorian gold producer that is developing and producing from the A1 underground gold mine near Woods Point, Victoria (**A1 Gold Mine**). Ore mined from the A1 Gold Mine is trucked to the Company's fully permitted and operations processing facility at Porcupine Flat, near Maldon (**Porcupine Flat Processing Plant**).

The Company also owns the Union Hill underground mine at Maldon (**Union Hill Mine**), which is presently being developed, and has entered into an agreement to acquire the Eureka and Tubal Cain deposits near Walhalla.

Location of Projects



In addition to these operating assets at A1 and Porcupine Flat, Centennial has recommenced development at the Union Hill Mine near Maldon.

Centennial is pleased to report its activities for the year ended 30 June 2017.

Corporate Strategy

The Short-Term Strategy of the Company is to continue drilling the mineralised dyke at the A1 Gold Mine at depth to prove up further mining areas with additional drilling and extend the mine life, open up additional mines, including the Union Hill Mine and Nuggetty underground gold mine at Maldon with the aim of producing +25,000 oz gold per annum, targeting All in Sustaining Costs below A\$1,000 per oz to generate free cash of circa \$12 million per annum.

The Company's Medium-Term Strategy is to increase the Reserves at A1 Gold Mine with further drilling and to drill and develop the potential open cut mining operations in the greater Maldon area to add additional producing assets, increasing the Company's production profile and life of mine.

The Longer-Term Strategy is for further increases in gold production through exploration success or acquisition and to grow the Company's market capitalisation significantly.

Highlights of Financial Year

For several years, Centennial Mining Limited promised to transition into an emerging gold producer. However, following the change of management that occurred in 2016, it became apparent that to deliver on that promise and to ensure execution and delivery of the Company's business objectives, improved management capabilities and additional skill sets were required. Since this time, a new management team has been recruited and commenced addressing a range of issues to elevate the Company's performance. Significant milestones achieved during the Financial Year include:

- June 2016 Quarter – completion of a highly successful resource definition drilling programme at the A1 Gold Mine;
- September 2016 Quarter - recommenced mine development and mechanised mining at the A1 Gold Mine;
- December 2016 Quarter - commenced first long hole stope at the A1 Gold Mine and commenced the move to owner operating;
- March 2017 Quarter - increased quarterly gold production to +4,000 ounces and transitioned from contract mining to owner operator; and
- June 2017 Quarter – further increased quarterly gold production to +5,000 ounces and commenced pre-development work at the Union Hill Mine at Maldon in preparation for opening a second producing underground gold mine.

Revenue from the sale of gold and silver during this period totalled almost \$26 million.

At the same time as these milestones were being achieved, Centennial addressed many other operational issues including numerous shortcomings in the mine services, equipment, mining fleet, facilities and maintenance at the A1 Gold Mine, Porcupine Flat Processing Plant and the Union Hill Mine.

The Financial year was highlighted by the transition from development to production with commercial production being declared effective from the end of the year.

This transition is demonstrated in the following table illustrating the Quarter by Quarter improvement. Gold deliveries and revenues increasing almost four-fold over the past year.

	Jun' Q 2016	Sept' Q 2016	Dec' Q 2016	Mar' Q 2017	Jun' Q 2017
Tonnes	1,558	6,776	21,810	25,457	29,564
Grade	24.9	10.08	5.95	6.29	5.82
Gold Production (oz Au)	1,383	2,418	3,758	4,632	5,032
Gold Price (\$/oz Au)	1,693	1,747	1,614	1,610	1,670
Gold Revenues (\$m)	2.3	4.2	6.0	7.4	8.4

In summary, the highlights achieved during the September 2016 Quarter were;

- ❖ Significant Drilling Programme, Drill Target 1, completed, upgrading the Resource in the Drill Target 1 Area (a portion of the A1 Gold Mine resource) by +200%
- ❖ First ever Measured Resource at A1 Gold Mine
- ❖ Recommenced mechanised development and ore development
- ❖ Continued improvements to the A1 Gold Mine's services and networks



Figure 1. Photograph showing the interior of the new 20 Man Refuge Chamber with Left to Right, Peter Crooks (Mining Consultant), Dale Rogers, Jamie Cullen, Anthony Gray and Peter de Vries (Geology Manager).



Figure 2. Viewing High grade ore in the walls of the 1394 RL ore drive, from left to right, Peter Crooks (Mining Consultant), Dale Rogers, Peter de Vries (Geology Manager), Anthony Gray and Jamie Cullen.

Highlights for the December 2016 Quarter were;

- ❖ Achieved Record Gold Production of 3,758 ounces
- ❖ Record Mine Production and Record Mill throughput
- ❖ First Long Hole stoping at A1 Gold Mine
- ❖ Company renamed Centennial Mining Limited
- ❖ +\$2.5m of capital upgrades completed at the A1 Gold Mine during the Quarter
- ❖ Underground Diamond Drilling continued with new stoping area discovered on the 1465 level
- ❖ Moved to owner operating at A1 Gold Mine.



Figure 3. Long Hole Rig drilling the 1394 Long Hole Stope between 1394 to 1410 Levels.

Highlights for the March 2017 Quarter were;

- ❖ Record Gold Deliveries of 4,632oz for the Quarter
- ❖ Gold and silver sales generated revenue of \$7.4 million
- ❖ Centennial was cash flow positive for the Quarter
- ❖ Gold production exceeded guidance for the Quarter
- ❖ New Record Mill throughput and A1 Gold Mine Production
- ❖ Centennial completed the transition to owner operating at the A1 Gold Mine
- ❖ Significant Capital upgrades to Centennial's mining fleet undertaken during the Quarter



Figure 4. First Load on Toro T45+ truck coming to the surface at the A1 Gold Mine



Figure 5. View from 1394 Level of the Tele Remote Control Bagger loading Ore in the Long Hole Stope on the 1380 Level at the A1 Gold Mine

Highlights for the June 2017 Quarter were:

- ❖ Quarterly gold deliveries were a new record of 5,032oz
- ❖ Record Quarterly revenue from sales of \$8.4 million
- ❖ Gold production exceeded guidance for the Quarter
- ❖ Cash flow improved from the March Quarter
- ❖ New record A1 Gold Mine Production and new record mill throughput
- ❖ A1 Decline development reaches a position below historical Victory Stope enabling better drill access and deeper drilling
- ❖ Continued upgrades and refurbishment to Centennial's mining fleet undertaken during the Quarter
- ❖ Significant investment in additional mining fleet, machinery and capital works in preparation to re-commence Union Hill Mine at Maldon.

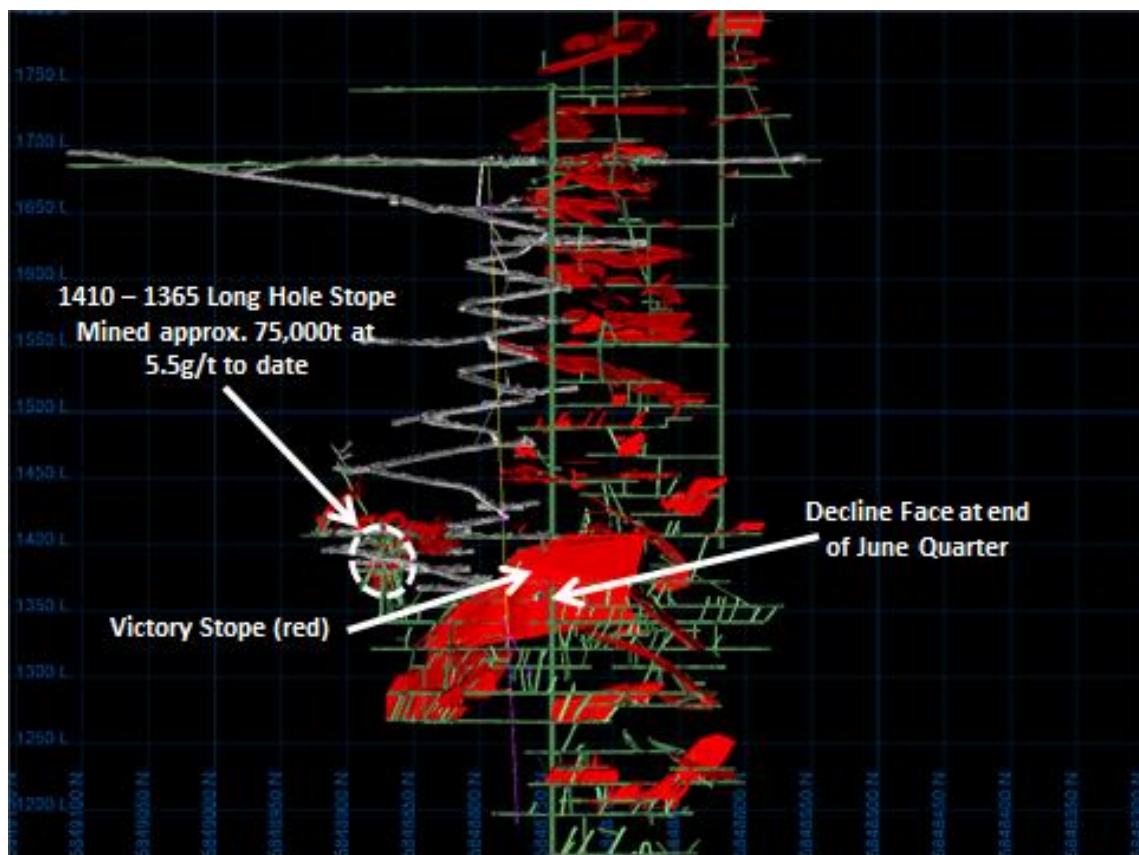


Figure 6. Image showing location of A1 Decline on 1355m RL, below the old Victory Stope working. Previously drilling from above needed to drill through the historic voids.

Late in the year, significant effort has focussed on assessing the viability of alternative ore sources to the A1 Gold Mine. This strategy is being implemented to reduce the risks associated with a single gold-producing operation. Following a review of alternative ore sources, work has focussed on the Union Hill Mine at Maldon. Union Hill is located less than 2 kilometres, in a direct line, from the Porcupine Flat Processing Plant or approx. 4 kilometres by road.

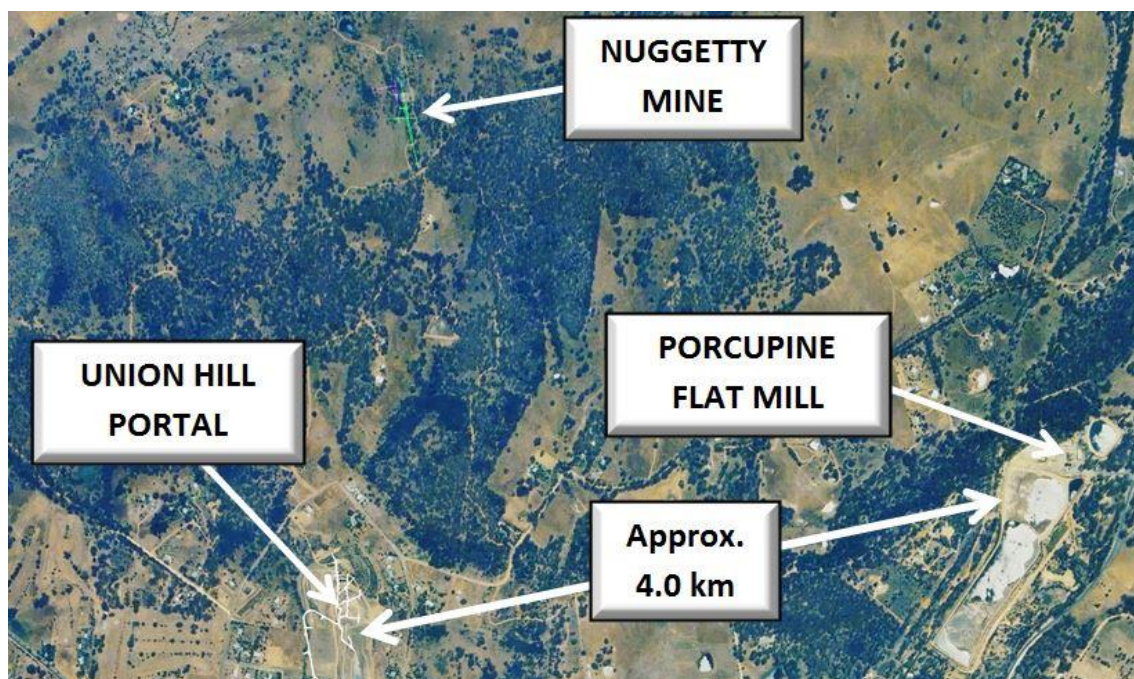


Figure 7. Union Hill Mine, Nuggetty Mine and Porcupine Flat Processing Plant near Maldon, Victoria

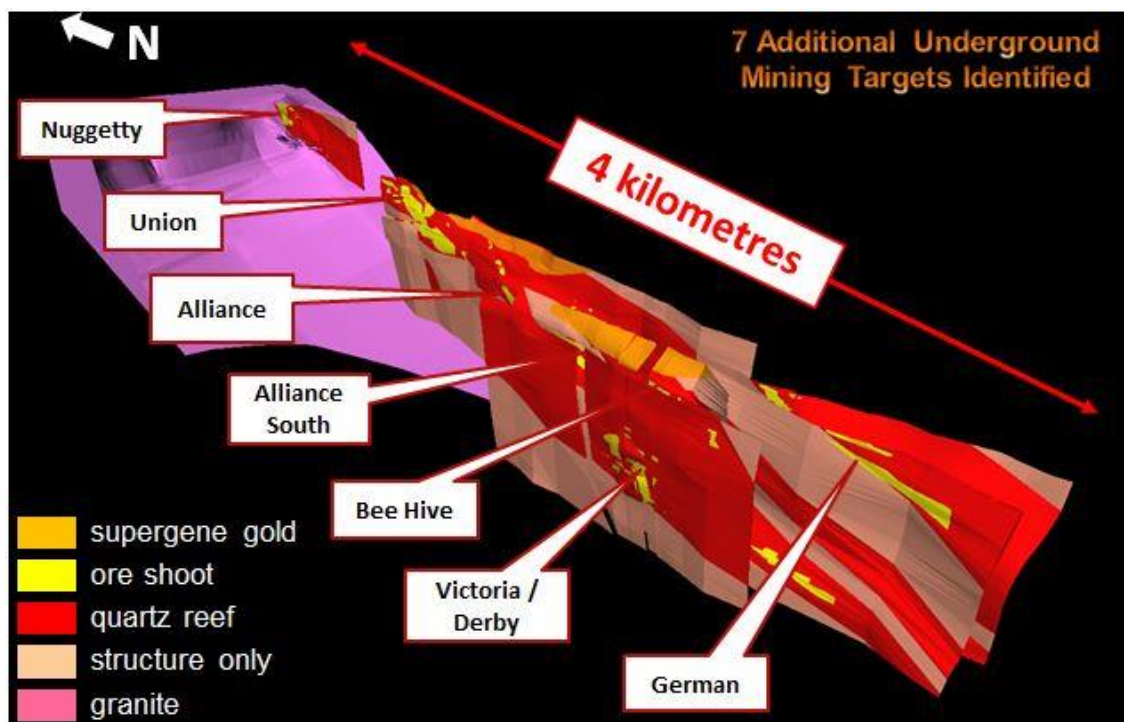


Figure 8. 3D Image showing location of Alliance South within the larger Maldon Central Shear Zone

Summary of Tenements

Tenement Reference	Equity	Status	Holder
Woods Point – Walhalla Goldfield (Victoria)			
MIN 5294	100%	Granted	A1 Consolidated Gold Limited
EL 5109	100%	Granted	A1 Consolidated Gold Limited
MIN 5487	0% ¹	Granted	Orion Gold NL
Maldon Goldfield (Victoria)			
EL 3422	100%	Granted	Maldon Resources Pty Ltd
EL 5177 ²	100%	Surrendered	Maldon Resources Pty Ltd
EL 5499	100%	Granted	Maldon Resources Pty Ltd
MIN 5146	100%	Granted	Maldon Resources Pty Ltd
MIN 5528	100%	Granted	Maldon Resources Pty Ltd
MIN 5529	100%	Granted	Maldon Resources Pty Ltd
Wehla Goldfield (Victoria)			
MIN 5433	100%	Granted	Matrix Gold Pty Ltd
MIN 5574 ³	100%	Withdrawn	Matrix Gold Pty Ltd
Campbelltown Goldfield (Victoria)			
MIN 5464	100%	Granted	Highlake Resources Pty Ltd
Amherst Goldfield (Victoria)			
MIN 5465	100%	Granted	Highlake Resources Pty Ltd
Dunolly Goldfield (Victoria)			
MIN 5563	100%	Granted	Highlake Resources Pty Ltd

Note 1. MIN 5487 was purchased by A1 Gold, subject to a binding Agreement announced to the ASX on 30 December 2015. Transfer of 100% equity in the tenement is subject to the grant of consents required under the Mineral Resources (Sustainable Development) Act and the terms of the acquisition Agreement with Orion Gold NL.

Note 2. EL 5177 licence was surrendered with an end date of 29/08/2016.

Note 3. MIN 5574 licence application was submitted on 27/06/2014 and withdrawn on 18/07/2016.

Resources & Reserves Statement

The following statement of Mineral Resources and Ore Reserves conforms to the Australasian Code for Reporting Exploration, Mineral Resources and Ore Reserves (**JORC Code**) 2012 Edition (other than the Eureka Mineral Resources, which are reported under the JORC Code 2004 Edition – refer to Note 5 below). All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Mineral Resources

Mineral Resources Estimate at 30 June 2017.

	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
A1 Gold Mine^{1, 6}	-	-	-	222	5.0	36	1,170	6.4	240	1,392	6.2	278
Pearl Croydon²	-	-	-	-	-	-	571	2.9	53	571	2.9	53
Tubal Cain^{3, 4}	-	-	-	-	-	-	932	4.1	123	932	4.1	123
Eureka^{3, 4, 5}	-	-	-	-	-	-	153	9.9	49	153	9.9	49

Note 1. The information in this report that relates to A1 Gold Mine Mineral Resources is extracted from the summary report entitled 'A1 Consolidated Gold, Mineral Resource Estimate' prepared by CSA Global Pty Ltd included in the Company's ASX announcement dated 12 May 2014 and is available to view on the Company's website. Centennial Mining have depleted this resource using the surveyed void shapes as mined over the previous 12 month period. The Company confirms that, other than mining depletion, it is not aware of any new information or data that materially affects the information included in the original announcement and that all material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed.

Note 2. The information in this report that relates to Pearl Croydon Mineral Resources is extracted from Octagonal Resources Limited's (ASX: ORS) ASX announcement dated 20 January 2014 and is available to view on that company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Note 3. Refer to Orion Gold NL (ASX: ORN) ASX Announcements dated 11 August 2015 and 30 December 2015. The acquisition by the Company of the tenement on which these resources are located is subject to the grant of consents required under the Mineral Resources (Sustainable Development) Act and the terms of the acquisition agreement with Orion Gold NL.

Note 4. The information in this report that relates to Tubal Cain and Eureka Mineral Resources is extracted from Orion Gold Limited's (ASX: ORN) ASX announcement dated 31 January 2014 and is available to view on that Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Note 5. The Eureka Mineral Resource was prepared and first disclosed under the JORC Code 2004 Edition. It has not been updated since to comply with the JORC Code 2012 on the basis that the Walhalla project is not a material mining project of the Company and the information has not materially changed since it was last reported.

Note 6. The Phase 1 Target Area Measured and Indicated Mineral Resources published in the Company's ASX announcement dated 8 July 2016 are a sub-set of the total A1 Gold Mine Mineral Resources. The Phase 1 Target Area Mineral Resource has been depleted by mining.

During the reporting period a total of 84Kt of ore has been mined via a combination of air leg and long hole stoping methods within the A1 Gold Mine. 28kt of this mined material was contained within the stated JORC resource however 56Kt was located and mined outside of the resource area. The additional material was defined as underground development and stoping activities progressed.

Ore Reserves

The Company did not hold any Ore Reserves at 30 June 2017.

Comparison Against Previous Year

Mineral Resources

Mineral Resources Estimate as at 30 June 2016 were:

	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
A1 Gold Mine^{1, 6}	-	-	-	250	5.1	41.2	1,170	6.4	240	1,420	6.2	281.2
Pearl Croydon²	-	-	-	-	-	-	571	2.9	53	571	2.9	53
Tubal Cain^{3, 4}	-	-	-	-	-	-	932	4.1	123	932	4.1	123
Eureka^{3, 4, 5}	-	-	-	-	-	-	153	9.9	49	153	9.9	49

Ore Reserves

The Company did not hold any Ore Reserves at 30 June 2016.

Discussion

The difference between Centennial Mining's 2016 and 2017 Resources and Reserves statements is primarily due to mining depletion at the A1 Gold underground project. **Significant additional ore material (approx. 56kt) was also mined outside of the stated resource envelope as is common with the A1 style of mineralisation.**

Governance Arrangements & Internal Controls

Centennial Mining Pty Ltd maintains an internally audited drilling data base for all projects at its A1 Gold Operation and Maldon Gold Operations that is backed up on a regular basis. Company geologists are responsible for collecting drilling data and entering it into the drilling database and the Exploration Manager is responsible for the auditing and integrity of the drilling database.

Interpretation of drilling data is supported by detailed surface geological mapping, open pit mine mapping, and underground mine mapping.

The Mineral Resource estimate for the A1 Gold Mine was calculated by Mr David Williams, who is an employee of CSA Global Pty Ltd. CSA Global Pty Ltd is an independent consultant to the Company. The depletion of the CSA Resource model was completed Stuart Hutchin who is an independent consultant employed by Mining One Consultants Pty Ltd.

The Mineral Resource estimate for the Pearl Croydon Deposit was calculated by Mr Anthony Gray, who is a Director of the Company. This Mineral Resource estimate was initially calculated by Mr Gray in 2010 when he was an employee of Gandel Metals Pty Ltd. The Mineral Resource estimate was re-reported by Mr Gray in compliance with the 2012 Edition of the JORC Code in January 2014. At this time Mr Gray was an employee of Octagonal Resources Limited and not a Director of Centennial Mining Ltd.

It is expected that all future Mineral Resources and Ore Reserves will be estimated by an independent consultant under the supervision of Centennial Mining staff, or by Centennial Mining staff with appropriate internal review.

Competent Person Statements

The information in this report that relates to depletion of the A1 Gold Mine Mineral Resource is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Hutchin who is a member of The Australian Institute of Geoscientists. Mr Hutchin is a consultant working for Mining One Consultants Pty Ltd and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Hutchin consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Competent person statements in relation to the Company's Mineral Resources and Reserves are contained in the Resources and Reserves Statement section above.

Directors' Report

Your directors submit the annual financial report of the Group consisting of Centennial Mining Limited ("Centennial" or "Company") and the entities it controlled for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows:

Dale Rogers (Executive Chairman):

Mr Rogers is a mining engineer with over 30 years' experience in the industry and a strong operating and technical background, having experience in operations management, project development and start-ups, project optimisation, improvement programmes and organisational development. His working experience includes operational roles from underground miner to operations manager level in the gold industry being responsible, at one time, for management through to P & L of gold operations encompassing three operating mills, processing a combined total of +4 million tonnes per annum, and being fed by three underground and five open cut gold mines.

Mr Rogers has been responsible for the commencement and development of half a dozen underground mines and a similar number of open cut mines in Australia and overseas.

In addition to his operational experience, he has managed scoping and bankable feasibility studies and subsequently been responsible for financing, construction and development of several projects. Mr Rogers also has experience in debt and equity raising, toll treatment agreements, negotiating off-take agreements and mezzanine financing, IPO's, risk management, shareholder and stakeholder relations, government liaison and project approvals, negotiation of development, finance and taxation agreements, mergers, takeovers, acquisitions and divestments, joint ventures and valuations. Mr Rogers is a member of the Group's audit committee.

Mr Rogers was Managing Director of a junior resources Company when it went from a market capitalisation of \$40m to just under One billion dollars over a period of four years. He was the founding Chairman of Primary Gold Limited and Phoenix Gold Limited, acquired by Evolution Mining in 2016.

Directorships held in other listed entities during the last three years:

Formerly a director and Chairman of Primary Gold Ltd and Phoenix Gold Ltd.

Jamie Cullen (Non-Executive Director):

Mr Jamie Cullen is Managing Director of Pacific Energy Ltd, a specialist provider of mine site power listed on the ASX. Prior to joining Pacific Energy Ltd in 2015, Mr Cullen spent approximately 20 years as Managing Director of two listed companies, each commencing in microcap space and growing significantly in market capitalisation before being taken over (PCH Group Ltd from \$1m to \$260m and Resource Equipment Ltd from less than \$5m to \$115m). He has extensive commercial and practical experience in growing businesses domestically and internationally, both organically and through acquisitions.

Mr Cullen is a qualified chartered accountant, has considerable financial and corporate governance experience and has served as a director of several listed companies. Mr Cullen is the chairperson of the Company's audit committee.

Directorships held in other listed entities in the last three years:

Currently a director of Pacific Energy Ltd, formerly a director of Resource Equipment Ltd.

Anthony Gray (Non-Executive Director):

Mr Anthony Gray is a geologist with over 20 years' experience working in the public and private sectors of the Australian mining industry. His experience ranges across mineral exploration, investment analysis, project and corporate transactions, mine development and fundraising.

During his career Anthony has explored for greenstone and slate belt hosted orogenic gold deposits, nickel sulphide and laterite deposits, and porphyry copper-gold deposits. He is a member of the Australian Institute of Geoscientists and a Competent Person, as defined by the JORC Code 2012, for the reporting of Exploration Results and Mineral Resources for a number of styles of gold and base metal deposit. Mr Gray is a member of the Group's audit committee.

Directorships held in other listed entities in the last three years:

Formerly the Managing Director of Octagonal Resources Ltd.

Company Secretary

Dennis Wilkins

Mr Dennis Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years. Mr Wilkins previously served as the Finance Director and Company Secretary for a mid-tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience.

Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DW Corporate which provides advisory, funding and administrative management services to the resource sector. He is a former director of the Company from 24 November 2014 to 11 May 2015.

Interests in the securities of the Company and related bodies corporate

The following relevant interests in securities of the Company or a related body corporate were held by the directors or their immediate family as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of convertible notes
Dale Rogers	24,628,411	86,355,273	Nil
Jamie Cullen	9,376,825	8,333,422	1,428,571
Anthony Gray	1,019,357	4,601,014	Nil

Principal Activities

The principal activities of the Company during the year were gold exploration, development and mining activities within central and eastern Victoria.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Operating Results for the Year

The operating loss after income tax of the Company for the year ended 30 June 2017 was \$1,608,653 (2016: \$718,140). Summarised operating results are as follows:

	2017		2016	
	Revenue	Results	Revenue	Results
Revenues and (loss) before income tax expense	\$306,118*	\$(1,608,653)*	\$193,575	\$(718,140)

*The above excludes pre-production costs of \$27,305,895 and revenues of \$25,785,026 which have been capitalised against development expenditure.

Significant Changes in the State of Affairs

On 27 July 2016, Centennial Mining Limited announced that it would be conducting a pro-rata renounceable entitlement offer to shareholders of approximately 138,172,313 new shares on the basis of 1 new share for every 4 shares held at the record date at \$0.024 each. In addition, one free attaching new option for every 3 new shares subscribed for would be issued. The renounceable entitlement offer was targeting to raise approximately \$3,316,136 before costs.

On 5 September 2016, Centennial Mining Limited announced that it had received applications from eligible shareholders to subscribe for 97,064,700 new shares, totalling \$2,329,553 leaving an underwritten shortfall of 41,107,613 new shares to be placed by the underwriter, Patersons Securities Ltd.

On 7 September 2016, Centennial Mining Limited announced that following significant demand from shareholders and sub-underwriters for the shortfall that they elected to satisfy most of the additional demand by taking an additional \$350,000 by way of an exempt placement of shares and options.

The total number of shares issued under the rights issue totalled 138,172,313 (Options 46,057,263), raising a total of \$3,316,136. The placement resulted in the issue of 14,583,334 new shares (Options 4,861,112), raising a total of \$350,000. Total funds raised equalled \$3,667,942 before costs.

In addition, Mr Dale Rogers in his role as Executive Chairman, was granted 64,000,000 options on 25 November 2016. Options vest on satisfaction of performance conditions, the satisfaction of which shall be determined by the Board at its sole discretion. The options will vest in twelve tranches upon the achievement of each performance goal set by the company.

The Company has seen increased production as a result of record mining and milling tonnage. The Company has realised total gold and silver sales for the year (net of assaying costs) of \$25,785,026. As a result, the Board views the transition from pre-production to full commercial production appropriate from 1 July 2017.

The mining contractor, PYBAR, finished their contract at the A1 Mine on 31st January 2017 and demobilised from site in early February. As a result, there were additional once off costs during this time associated with refurbishing and upgrading the Company's mining fleet, recruiting and training employees, inductions and mobilisation to site of the workforce. As a result of focussed Management and concerted effort by Centennial employees this transition was managed well and disruptions to mining activities were minimised. Management are confident that this initiative will lead to material cost reductions.

Matters Subsequent to the End of the Financial Year

On 19 September 2017, the Directors were notified by the State Revenue Office in Victoria of a potential duty liability under the landholder duty provisions of the *Duties Act 2000 (Vic)*. The duty liability relates to the Company's acquisition of Maldon Resources Pty Limited in 2015, prior to the existing Board members joining Centennial's Board. As such, the Board has taken the conservative view to raise a provision of \$401,368 in the financial statements to allow for any potential duties which may be payable. The Board has referred the matter to experts for review and advice.

Likely Developments and Expected Results of Operations

The consolidated entity reasonably expects the following activities to occur over the next 12 months:

- Continued resource definition drilling at the A1 Gold Mine
- Subject to continued successful resource definition drilling, continued underground development and mining at the A1 Underground Gold Mine
- Commencement of underground development and mining at the Union Hill Underground Gold Mine

- Continued processing of ore from the A1 and Union Hill Gold Mines at the Porcupine Flat Facility, and
- Transition into full production from pre-production.

Environmental Legislation

The Company's operations must be conducted in accordance with the Mineral Resources (Sustainable Development) Act 1990 (MRSDA). To the best of the directors' knowledge, the Company has complied with the MRSDA.

As part of the process for obtaining a Registered Mine Plan under the MRSDA, there is a section on Environmental Management which requires the following matters to be addressed:

- cultural heritage management;
- surface and groundwater management;
- air blast and vibration;
- noise;
- dust;
- waste management;
- recording of data; and
- monitoring programme.

The Company has complied with all of the abovementioned requirements in accordance with the Registered Mine Plan.

Indemnification and Insurance of Directors and Officers

The Company has agreed, by entering into deeds of access, indemnity and insurance with each of the directors and the Company Secretary, to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During or since the financial year, the company has paid premiums insuring all the directors and the Company Secretary of Centennial Mining Limited against costs incurred in defending proceedings for conduct involving:

- a) a wilful breach of duty; or
- b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was \$19,800.

Remuneration Report

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Centennial Mining Limited for the financial year ended 30 June 2017. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

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

Key Management Personnel

The directors and other key management personnel of the Company during or since the end of the financial year were:

Directors	
Dale Rogers	Executive Chairman
Jamie Cullen	Director (non-executive)
Anthony Gray	Director (non-executive)

Except as noted, the named persons held their current positions for the whole of the financial year and since the financial year.

Remuneration Philosophy

The Remuneration Committee consists of Mr Jamie Cullen as Chairman, Mr Anthony Gray and Mr Dale Rogers. The remuneration policy of Centennial Mining Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives. The board of Centennial Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. The board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

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

Where required, the executive directors and executives receive a superannuation guarantee contribution required by statutory legislation, which from 1 July 2014 is 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using an option pricing methodology depending on the terms of the options.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance Based Remuneration

Mr Dale Rogers was granted 64,000,000 options on 25 November 2016. Options vest on satisfaction of performance conditions, the satisfaction of which shall be determined by the Board at its sole discretion. The options will vest in twelve tranches upon the achievement of each performance goal set by the company.

There were no options which lapsed or were exercised during the period.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

A relationship exists between shareholder wealth, director remuneration and Company performance in the form of the granting of options which vest on the satisfaction of performance and market conditions.

The table below shows the gross revenue, losses and earnings per share for the last two years for the listed entity.

	2017 \$	2016 \$
Revenue	306,118	193,575
Net loss	(1,608,653)	(718,140)
Loss per share (cents)	(0.2)	(0.1)
Share price at year end (cents)	1.8	2.1

No dividends have been paid.

Use of Remuneration Consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2017.

Details of Remuneration

Details of the remuneration of the directors and other key management personnel of the Company are set out in the following table. The key management personnel of the Company include the directors as set out on pages 8 and 9.

Given the size and nature of operations of the Company, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Remuneration of Key Management Personnel

Key Management Personnel Remuneration for the Year Ended 30 June 2017

	Short-Term Employee Benefits		Post-employment benefits		Equity	Total	Percentage Performance Related**
	Salary & Fees \$	Non-Monetary Benefits \$	Termination Payment \$	Superannuation \$	Share Options** \$		
30 June 2017							
Directors							
Dale Rogers	370,000	-	-	19,308	331,392	720,700	45.9%
Jamie Cullen	43,750	-	-	4,156	8,359	56,265	14.9%
Anthony Gray	43,750	-	-	4,156	8,359	56,265	14.9%
Total Key Management Compensation	457,500	-	-	27,620	348,110	833,230	

**Options vest on satisfaction of performance conditions, the satisfaction of which shall be determined by the Board at its sole discretion. The options will vest in various tranches upon the achievement of each performance goal set by the company.

Remuneration of Key Management Personnel

Key Management Personnel Remuneration for the Year Ended 30 June 2016

	Short-Term Employee Benefits		Post-Employment Benefits		Equity	Total	Percentage Performance Related %
	Salary & Fees \$	Non-Monetary Benefits \$	Termination Payment \$	Superannuation \$	Share Options \$		
30 June 2016							
Directors							
Dale Rogers	112,808	-	-	8,090	23,195	144,093	16.1%
Dennis Clark (Resigned 31/05/2016)	247,500	-	-	17,363	-	264,863	-
Jamie Cullen	40,000	-	-	3,800	17,397	61,197	28.4%
Anthony Gray	40,000	-	-	3,800	17,397	61,197	28.4%
Total Key Management Compensation	440,308	-	-	33,053	57,989	531,350	

No member of key management personnel appointed during the year received a payment as part of their consideration for agreeing to hold the position.

Key Management Personnel Equity Holdings

Fully Paid Ordinary Shares

	Balance at beginning of year (Number)	Granted as compensation (Number)	Received on exercise of options (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Balance held nominally (Number)
30 June 2017						
Directors						
D C Rogers	1,788,464	-	-	22,839,947	24,628,411	-
D J Clark (resigned 31/5/16)	25,014,488	-	-	(25,014,488)	-	-
J Cullen	2,918,224	-	-	6,458,601	9,376,825	-
A R Gray	716,315	-	-	303,042	1,019,357	1
Total	30,437,491	-	-	4,587,102	35,024,593	1

	Balance at beginning of year (Number)	Granted as compensation (Number)	Received on exercise of options (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Balance held nominally (Number)
30 June 2016						
Directors						
D C Rogers	-	-	-	1,788,464	1,788,464	-
D J Clark (resigned 31/5/16)	24,149,154	-	-	865,334	25,014,488	6,710,002
J Cullen	1,129,760	-	-	1,788,464	2,918,224	-
A R Gray	-	-	-	716,315	716,315	1
Total	25,278,914	-	-	5,158,577	30,437,491	6,710,003

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Convertible Note Holding

As at 30 June 2017, Mr J Cullen held 1,428,571 convertible notes issued at 3.5 cents per note. These notes were not granted as compensation.

Key Management Personnel Equity Holdings (continued)

Share Options

30 June 2017	Balance at beginning of year (Number)	Granted as compensation (Number)	Exercised (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Vested but not exercisable (Number)	Vested & exercisable (Number)	Options vested during year (Number)
Directors								
D C Rogers	6,972,222	64,000,000	-	15,383,051	86,355,273	-	5,000,000	-
D J Clark*	19,267,275	-	-	(19,267,275)	-	-	-	-
J Cullen	7,047,222	-	-	1,286,200	8,333,422	-	-	-
A R Gray	4,500,000	-	-	101,014	4,601,014	-	-	-
Total	37,786,719	64,000,000	-	(2,497,010)	99,289,709	-	5,000,000	-

30 June 2016	Balance at beginning of year (Number)	Granted as compensation (Number)	Exercised (Number)	Net change other (Number)	Balance at end of year (Number)	Vested but not exercisable (Number)	Vested & exercisable (Number)	Options vested during year (Number)
Directors								
D C Rogers	-	6,000,000	-	972,222	6,972,222	-	972,222	972,222
D J Clark*	9,989,497	9,000,000	-	277,778	19,267,275	-	10,267,275	277,778
J Cullen	1,575,000	4,500,000	-	972,222	7,047,222	-	2,547,222	972,222
A R Gray	-	4,500,000	-	-	4,500,000	-	-	-
Total	11,564,497	24,000,000	-	2,222,222	37,786,719	-	13,786,719	2,222,222

* DJ Clark resigned on 31 May 2016 and his options have been subsequently cancelled.

For details of the employee share option plan and of share options granted during the 2017 financial year, please refer to Note 17.

Details of Employee Share Options Plans Granted as Compensation for the Current Financial Year

Terms and conditions of share based plans in existence affecting key management personal during the financial year or future financial years.

	Grant Date	Granted during the Year Number	Grant Date Fair Value \$	Exercise Price \$	Expiry Date	Vesting Date
Unlisted Director Options	25 November 2016	64,000,000	1,111,850	3.6 cents	24 November 2020	(Note 1)
D C Rogers		64,000,000				
Total		64,000,000				

Note 1: Options vest on satisfaction of performance conditions, the satisfaction of which shall be determined by the Board at its sole discretion. The options will vest in twelve tranches upon the achievement of each performance goal set by the company.

There were no options which lapsed or were exercised during the period.

Share-based compensation

Options are issued to directors as part of their remuneration. The options are issued to the directors of Centennial Mining Limited to increase goal congruence between executives, directors and shareholders but will only vest on the meeting of performance criteria. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the board actively discourages key management personnel from obtaining mortgages in securities held in the Company.

During the year 64,000,000 unlisted options were granted to directors.

Amounts owing to directors

As at 30 June 2017 the below amounts were owing to directors:

Director	Amounts Owing for	Total \$
Dale Rogers	Directors Fees	361,923
Jamie Cullen	Directors Fees	47,906
Anthony Gray	Directors Fees	16,562

This concludes the remuneration report, which has been audited.

Directors' Meetings

The directors held ten board meetings and two audit committee meetings during the year ended 30 June 2017. The attendance of directors at these meetings was:

Directors	Board Meetings		Audit Committee	
	A	B	A	B
Dale Rogers	9	10	2	2
Jamie Cullen	10	10	2	2
Anthony Gray	10	10	2	2

A: Number of meetings attended.

B: Number of meetings held during the time the director held office during the year.

The full board performs the role of the Nomination Committee and considered all the matters required by the Nomination Committee Charter once during the year. There was one Remuneration Committee meeting held during the year.

Proceedings on behalf of the Company

There were no proceedings on behalf of the Company.

Shares under option

At the date of this report there are 370,557,651 unissued ordinary shares in respect of which options are outstanding.

		Number of options
Balance at the beginning of the year		270,639,276
Movements of share options during the year:		
9 August 2016, cancellation of options exercisable at 4.5 cents on or before 30 November 2019 following cessation of directorship.		(9,000,000)
7 September 2016, issue of options exercisable at 2.938 cents *** on or before 30 November 2019.		50,918,375
25 November 2016, issue of options exercisable at 3.6 cents on or before 24 November 2020.		64,000,000
30 June 2017, cancellation of options exercisable at 4.938 cents on or before 30 November 2019 following resignation of executives.		(6,000,000)
Total number of options outstanding as at 30 June 2017		370,557,651
Movements subsequent to the reporting date		-
Total number of options outstanding as at the date of this report		370,557,651
The balance is comprised of the following:		
Expiry date	Exercise price (cents)	Number of options
30 November 2019	2.938 ***	288,557,651
30 November 2019	4.938 ***	3,000,000
30 November 2019	4.438 ***	15,000,000
24 November 2020	3.6	64,000,000
Total number of options outstanding at the date of this report		370,557,651

*** After the adjustment under listing rule 6.22.2 announced on ASX 19 September 2016

No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the financial period.

There have been no ordinary shares issued by the Company during or since the end of the financial period as a result of the exercise of an option.

There are no unpaid amounts on the shares issued.

Non-Audit Services

There were no non-audit services provided by the Company's auditor, HLB Mann Judd, or associated entities during the year.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 54 and forms part of this Directors' Report for the year ended 30 June 2017.

Auditor

HLB Mann Judd continues in office as auditors in accordance with section 327 of the Corporations Act 2001.

Corporate Governance

In recognizing the need for the highest standards of corporate behaviour and accountability, the directors of Centennial Mining Limited support and have adhered to the principals of corporate governance and have established a set of policies for the purpose of managing this governance. Centennial Mining Limited's Corporate Governance Statement approved by the board of the Company and current at 30 June 2017 is presented on the Company's website at:

<http://www.centennialmining.com/corporate/corporate-governance/>

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

Dale Rogers

Executive Chairman

Perth, Western Australia

30 September 2017

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	Consolidated	
		2017 \$	2016 \$
Revenue	2(a)	306,118	193,575
Accounting and taxation services		(157,149)	(134,190)
Auditor's remuneration	23	(72,901)	(56,500)
Company secretary fees		(104,565)	(99,999)
Directors' fees		(92,153)	(146,975)
Finance costs	2(b)	(42,794)	(33,166)
Impairment of development costs	10	-	-
Insurance		(439,396)	(265,541)
Loss on disposal of fixed assets		-	(74,940)
Maldon operating expenses		(251,143)	(222,529)
Other expenses		(746,302)	(478,090)
Share based payment expense	17(b)+(c)	(379,489)	(65,845)
Share registry and listing fees		(80,005)	(52,183)
Loss before income tax expense		(2,059,779)	(1,436,383)
Income tax benefit	3	451,126	718,243
Loss for the year		(1,608,653)	(718,140)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,608,653)	(718,140)
Basic and diluted loss per share	4	(0.2) cents	(0.1) cents

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

		Consolidated	
	Notes	2017 \$	2016 \$
Assets			
Current Assets			
Cash and cash equivalents	5	527,663	334,922
Trade and other receivables	6	191,009	436,397
Inventories	7	1,099,559	907,649
Other current assets	8	277,072	297,885
Total Current Assets		2,095,303	1,976,853
Non-Current Assets			
Property, plant and equipment	9	7,286,638	7,364,775
Exploration, evaluation and development assets	10	30,041,345	28,520,476
Other non-current assets	8	976,500	996,500
Total Non-Current Assets		38,304,483	36,881,751
Total Assets		40,399,786	38,858,604
Liabilities			
Current Liabilities			
Trade and other payables	11	3,088,018	3,979,593
Borrowings	12	2,453,842	308,705
Provisions	14	558,806	35,092
Total Current Liabilities		6,100,666	4,323,390
Non-Current Liabilities			
Deferred Tax Liabilities	3	1,271,691	1,722,817
Borrowings	12	428,010	2,247,471
Provisions	14	1,264,067	1,232,710
Total Non-Current Liabilities		2,963,768	5,202,998
Total Liabilities		9,064,434	9,526,388
Net Assets		31,335,352	29,332,216
Equity			
Issued capital	15	48,410,129	45,177,830
Reserves	16	5,989,218	5,609,728
Accumulated losses		(23,063,995)	(21,455,342)
Total Equity		31,335,352	29,332,216

The accompanying notes form part of these financial statements.

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

	Notes	Issued Capital \$	Convertible Note Reserve \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2016		45,177,830	66,854	5,542,875	(21,455,342)	29,332,217
Total comprehensive loss for the year		-	-	-	(1,608,653)	(1,608,653)
Shares issued during the year net of costs	15	3,232,299	-	-	-	3,232,299
Share based payment expense	17	-	-	379,489	-	379,489
Balance at 30 June 2017		48,410,129	66,854	5,922,364	(23,063,995)	31,335,352
Balance as at 1 July 2015		42,606,668	66,854	5,386,752	(20,737,202)	27,323,071
Total comprehensive loss for the year		-	-	-	(718,140)	(718,140)
Shares issued during the year net of costs	15	2,661,440	-	-	-	2,661,440
Share based payments relating to share issues	17	(90,278)	-	90,278	-	-
Share based payment expense	17	-	-	65,845	-	65,845
Balance at 30 June 2016		45,177,830	66,854	5,542,875	(21,455,343)	29,332,216

The accompanying notes form part of these financial statements.

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

Notes	Consolidated	
	2017 \$	2016 \$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	-	122,750
Payments to suppliers and employees	(1,129,333)	(1,393,463)
Interest received	43,050	15,550
Finance costs	(27,582)	(17,841)
Net cash used in operating activities	5(ii) (1,113,865)	(1,273,004)
Cash flows from investing activities		
Proceeds from sale of non-current assets	70,000	332,714
Purchase of non-current assets	(657,965)	(81,572)
Exploration and evaluation expenditure	(365,345)	(310,400)
Development and pre-production costs capitalised	(26,727,724)	(1,080,443)
Gold and Silver sales	25,785,026	-
Purchase shares in subsidiary companies, net of cash acquired	-	(55,498)
Refund of bond	20,000	-
Net cash used in investing activities	(1,876,008)	(1,195,199)
Cash flows from financing activities		
Proceeds from issue of shares	3,667,944	1,000,000
Proceeds from issue of convertible notes	-	-
Payments for share issue costs	(442,823)	(91,008)
Convertible note expenses	-	(254,502)
Loans from directors and others	-	-
Proceeds from borrowings	266,198	367,645
Repayment of borrowings	(308,705)	(232,381)
Net cash provided by financing activities	3,182,614	789,754
Net increase / (decrease) in cash and cash equivalents	192,741	(1,678,449)
Cash and cash equivalents at beginning of year	334,922	2,013,371
Cash and cash equivalents at end of year	5(i) 527,663	334,922

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated. The financial statements are for the Group consisting of Centennial Mining Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in the state of Victoria. The entity's principal activity is the underground evaluation and development of the A1 Gold Mine.

Going concern

The Group had a working capital deficiency of \$4,005,363 at 30 June 2017 and incurred a loss for the year of \$1,608,653. The net cash outflow from operating and investing activities was \$2,989,873. At 30 June 2017 the Group had cash and cash equivalents of \$527,663.

Subject to continued positive resource definition drilling and any unforeseen events it is expected that continued mining, processing and sale of gold will be successful and will enable the Group to continue as a going concern. However, if funds derived are not sufficient, then other options to raise additional funds will need to be considered.

If the Group is unable to raise sufficient funds when required, and/or should the quantity, grade and timing of gold production differ materially from that expected, there exists a material uncertainty that may cast significant doubt whether the Group will be able to continue as a going concern and, therefore, whether it will realise its assets (especially its exploration, evaluation and development assets and its property, plant and equipment) and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2017

In the year ended 30 June 2017, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

As a result of this review, the directors have determined that there is no material impact of any new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 30 September 2017.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Pre-production phase

The Group is currently accounting for pre-production costs and revenues in accordance with note 1(ab). The Directors have assessed the physical operating parameters in relation to the transition from pre-production and determined that once throughput capacity of the plant has reached 10,000 tonnes per month that the Group will transition into full production status. It is the opinion of the Directors that the Group will transition to production status as at 1 July 2017.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, using the assumptions detailed in Note 17.

Exploration and evaluation costs carried forward

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Mine development expenditure carried forward

The recoverability of the carrying amount of mine development expenditure carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimated future commodity prices;
- Future costs of production;
- Future capital expenditure; and/or
- Future exchange rates

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Centennial Mining Limited ('Company' or 'Parent') and entities controlled by the Company (the 'Group'). As Company owns 100% of the share capital of all its subsidiaries it has full control of each entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

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 comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Basis of consolidation (cont'd)**

Investments in subsidiaries held by Centennial Mining Limited are accounted for at cost in the financial statements of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

(f) **Segment reporting**

Since incorporation the Company has been engaged in the minerals industry at one location in Victoria and accordingly there are currently no separate segments to the Company's operations.

(g) **Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The main revenue is interest received which is recognised on an accrual basis.

(h) **Leases – operating**

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

(i) **Income tax**

The income tax expense or benefit 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 difference and to unused tax losses.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) **Income tax (cont'd)**

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(j) **Other taxes**

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

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

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

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

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

(k) **Impairment of assets**

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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

(l) **Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade and other receivables

Trade and other receivables are stated at their cost. At year end they represented refunds due for Goods & Services Tax and other taxes due for settlement approximately 30 days after lodgement of returns, accrued interest receivable and various refunds due to the Group.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(o) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

With the exception of Maldon Mill, depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Motor vehicles – over 8 years

Office equipment – over 3 to 10 years

Plant & equipment – over 5 to 20 years

Maldon Mill is depreciated on a units of production basis being based on tonnes processed relevant to the estimated total indicated and inferred resource of the A1 mine and Union Hill mine.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(p) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets (cont'd)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(q) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Trade and other payables

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

(s) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholder's equity, net of income tax effects.

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

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(u) Employee entitlements

Annual leave and sick leave

Liabilities accruing to employees in respect of annual leave and sick leave expected to be settled within 12 months of the balance date are recognised in trade & other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities accruing to employees in respect of annual leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current liabilities in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflow to be made by the Group.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(v) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 17. In valuing equity-settled transactions, no account is taken

of any performance conditions, other than conditions linked to the price of the shares of Centennial Mining Limited (market conditions) if applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payment transactions (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award.

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share (see Note 4).

Where the company acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share based payment transactions, the fair value of the equity instruments granted is measured at the grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(w) Issued capital

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

(x) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(aa) Development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Exploration and evaluation expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

(ab) Treatment of pre-production revenues and expenditures

The Company is currently capitalising pre-production costs and revenues until production has reached a commercial level. Upon attainment of set operating criteria all future costs and revenues from production will be accounted for through the statement of comprehensive income. The balance resulting from the pre-production phase will then be amortised on a units of production basis.

(ac) Parent entity financial information

The financial information for the parent entity, Centennial Mining Limited, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2017	2016
	\$	\$
(a) Revenue		
<i>Other revenue</i>		
Ore processing income for third parties	-	122,750
Bank interest received	38,646	35,369
Fuel tax credits received	218,352	32,678
Gain on sale of fixed assets	48,134	2,778
Other	986	-
	<u>306,118</u>	<u>193,575</u>
(b) Expenses		
<i>Depreciation</i>		
Maldon mill	-	36,120
Other expenses	9,576	9,020
	<u>9,576</u>	<u>45,140</u>
<i>Employee entitlements</i>		
Maldon mill	-	66,088
Other expenses	595,711	238,343
	<u>595,711</u>	<u>304,431</u>
<i>Finance costs</i>		
Interest expense		
Bank interest paid	27,581	17,841
Bank charges	15,213	15,325
Total finance costs	<u>42,794</u>	<u>33,166</u>
Operating lease rental expenses	<u>1,005</u>	<u>7,196</u>

NOTE 3: INCOME TAX

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Accounting loss before income tax from continuing operations	(2,059,779)	(1,436,383)
Income tax expense / (benefit) calculated at 30%	(610,433)	(430,915)
Add / (Less) tax effect of:		
Share based payments and minor amounts	124,976	19,754
Accounting revaluation not deductible for tax purposes	94,499	-
(Over) / under provision	(60,168)	(307,082)
Income tax expense/(benefit) reported in the statement of comprehensive income	<u>(451,126)</u>	<u>(718,243)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 3: INCOME TAX (continued)	Consolidated	
	2017 \$	2016 \$
a) Recognised deferred tax balances:		
The following deferred tax assets and (liabilities) have not been brought to account:		
Deferred tax assets comprise:		
Losses available for offset against future taxable income – revenue	3,689,228	3,043,071
Losses available for offset against future taxable income – capital	-	21,721
Share issue costs	88,042	132,965
Borrowing costs	30,469	-
Accrued expenses and liabilities	13,200	26,019
Employee entitlements	128,203	16,814
Provision for rehabilitation	311,100	265,050
	<u>4,260,242</u>	<u>3,505,640</u>
Deferred tax liabilities comprise:		
Depreciation timing differences	435,582	1,898,076
Exploration expenditure capitalised	5,096,351	3,305,902
Borrowing costs	-	24,479
	<u>5,531,933</u>	<u>5,228,457</u>
b) Income tax expense not recognised in equity during the year:		
Share-issue costs	-	27,302

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

Prior period deferred tax balances

The prior period deferred tax balances have been restated as a result of misstatements identified in the prior period in relation to deferred tax assets available to offset deferred tax liabilities. This had impacted the following financial statement line items:

- Opening accumulated losses at 1 July 2015 has increased to \$20,737,202 from \$18,296,142 due to the income tax expense associated with the recognition of a deferred tax asset of \$2,894,315 and a deferred tax liability of \$5,335,375 as at 30 June 2015.
- A deferred tax asset of \$3,505,640 and a deferred tax liability of \$5,228,457 has been recognised as at 30 June 2016 together with an income tax benefit of \$718,243 related to the movement in the deferred tax balances from 30 June 2015.
- The 2016 loss per share has been reduced by \$0.2 cents per share.

Implementation of tax consolidation

The Group has elected to form a tax consolidated group effective from 1 July 2016. The Group is in the process of formalising tax funding arrangements and pending the finalisation of tax funding agreements all obligations will be borne by the head entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: EARNINGS/LOSS PER SHARE

	2017	2016
	Cents per share	Cents per share
Basic and diluted loss per share	(0.2)	(0.1)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

	\$	\$
Earnings (loss) (refer (i))	(1,608,653)	(718,140)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	687,545,891	484,537,033

(i) Earnings used in the calculation of total basic and diluted loss per share equals the net loss in the statement of comprehensive income as no adjustments were required.

(ii) The weighted average number of ordinary shares for the purposes of diluted loss per share equals the weighted average number of ordinary shares used in the calculation of basic earnings per share as no adjustments were required.

(iii) The following potential ordinary shares are not dilutive and are therefore excluded from the calculation in (ii) above:

	Number	Number
Options to purchase ordinary shares	370,557,651	270,639,276

(iv) On 7 September 2016, following the completion of the recent renounceable rights issue and share placement, the Company issued 152,755,647 ordinary shares and 50,918,375 listed options.

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	\$	\$
Cash at bank and on hand	527,663	334,922
	527,663	334,922

As at 30 June 2017 and 30 June 2016, the Group did not have any undrawn financing facilities available.

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	527,663	334,922
	527,663	334,922

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 5: CASH AND CASH EQUIVALENTS (continued))

	Consolidated	
	2017	2016
	\$	\$
(ii) Reconciliation of loss for the year to net cash flows from operating activities:		
(Loss) for the year before income tax	(2,059,779)	(1,436,383)
Non-cash flows in loss:		
Depreciation	9,576	51,807
Net (Gain) / Loss on disposal of non-current assets	(48,134)	72,162
Equity settled share based payment	379,489	65,845
Provisions for employee entitlements	(20,143)	20,917
Change in net assets and liabilities:		
Decrease / (Increase) in assets:		
Current receivables	247,136	(315,462)
Inventories	(7,410)	(30,257)
Other current assets	22,615	(119,672)
Increase /(Decrease) in liabilities:		
Current payables	362,785	418,039
Net cash (used in) operating activities	(1,113,865)	(1,273,004)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 6: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	\$	\$
GST recoverable	151,463	408,474
Other receivables	39,546	27,923
	<u>191,009</u>	<u>436,397</u>

NOTE 7: INVENTORIES

	2017	2016
	\$	\$
At cost		
Gold in transit and in circuit	877,354	800,960
Ore Stockpile	108,105	-
Consumables	114,100	106,689
	<u>1,099,559</u>	<u>907,649</u>

NOTE 8: OTHER ASSETS

	2017	2016
	\$	\$
<u>Current</u>		
Prepayments	262,050	284,665
Rental bonds	5,022	3,220
Term deposit	10,000	10,000
	<u>277,072</u>	<u>297,885</u>
<u>Non-Current</u>		
Environmental bonds	976,500	996,500

The environmental bonds represent restricted cash held in a financial institution in accordance with the relevant environmental requirements. They will be released upon the successful rehabilitation of the relevant mine sites.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2017 \$	2016 \$
Property		
Freehold land – at cost	62,299	62,299
Net carrying amount	62,299	62,299
Plant and equipment		
Plant and equipment – at cost	10,590,953	10,267,015
Accumulated depreciation	(3,532,544)	(3,073,708)
Net carrying amount	7,058,409	7,193,307
Office equipment		
Office equipment – at cost	120,536	98,001
Accumulated depreciation	(87,394)	(77,818)
Net carrying amount	33,142	20,183
Motor vehicles		
Motor vehicles – at cost	331,534	259,034
Accumulated depreciation	(198,746)	(170,048)
Net carrying amount	132,788	88,986
Total plant and equipment net carrying amount	7,286,638	7,364,775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated	
	2017	2016
	\$	\$
Reconciliation of property		
Carrying amount at 1 July 2016	62,299	432,299
Disposals	-	(370,000)
Carrying amount at 30 June 2017	62,299	62,299
Reconciliation of plant and equipment		
Carrying amount at 1 July 2016	7,193,307	7,675,669
Additions	585,499	74,093
Disposals	(21,866)	(33,874)
Depreciation	(698,531)	(522,581)
Carrying amount at 30 June 2017	7,058,409	7,193,307
Reconciliation of office equipment		
Carrying amount at 1 July 2016	20,183	28,740
Additions	20,034	463
Depreciation	(7,075)	(9,020)
Carrying amount at 30 June 2017	33,142	20,183
Reconciliation of motor vehicles		
Carrying amount at 1 July 2016	88,986	117,583
Additions	72,500	-
Disposals	-	(1,040)
Depreciation	(28,698)	(27,557)
Carrying amount at 30 June 2017	132,788	88,986

Assets pledged as security:

Centennial Mining Limited (the company) has granted a Personal Property Securities Act security interest over all of the present and future property of the company and a mortgage over the mining licence covering the company's A1 Mine as security for the issue of \$2,500,000 of convertible notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 10: EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	2017 \$	Consolidated 2016 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phases – at cost		
Balance at beginning of year	2,910,108	1,717,461
Acquisition costs (Walhalla)	-	911,674
Exploration and evaluation costs incurred during the year	416,820	280,973
Balance at end of year	3,326,928	2,910,108
Development phase – at cost		
Balance at beginning of year	25,610,368	20,301,157
Acquisition costs of subsidiary – Union Hill Mine (refer note 22)	401,368	-
Development costs incurred during the year	-	2,804,516
Pre-production costs capitalised (refer note 1)	26,487,707	2,504,695
Gold and silver sales	(25,785,026)	-
Balance at end of year	26,714,417	25,610,368
Total Exploration, evaluation and development assets	30,041,345	28,520,476

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Development assets will be recouped through the successful production and sale of gold from the respective properties. The carrying amount of the relevant cash generating units were compared with their recoverable amounts using value in use. For calculation purposes, management prepared cash flow projections for a 4-year period. Cash flow projections during the forecast period are based on the expected gross margins. The key assumptions used in the calculation include a risk adjusted pre-tax discount rate of 7.5%.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Based on these calculations, the development asset is not impaired during the current year.

NOTE 11: TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
Trade payables (i)	1,931,297	2,799,373
Accrued expenses	491,512	521,784
Related party payables (ii)	426,391	452,626
Employee benefits	198,018	165,010
Share application funds pending allotment	40,800	40,800
	3,088,018	3,979,593

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(ii) Related party payables are unsecured, interest free and settlement occurs in cash. Refer Note 20. Information regarding the liquidity and interest rate risk exposure is set out in Note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: BORROWINGS

	Interest Rate	Maturity	Consolidated	
			2017 \$	2016 \$
CURRENT				
Unsecured				
Insurance premium funding	3.2%	28/02/2018	266,198	-
	6.2%	15/03/2017	-	308,705
Secured				
Convertible Notes (refer Note 13)	12.5%	25/06/2018	2,187,644	-
Total current secured borrowings			2,453,842	308,705
NON-CURRENT				
Unsecured				
Part consideration Walhalla tenement acquisition	Nil	11/08/2018	428,010	372,183
Secured				
Convertible Notes (refer Note 13)	12.5%	25/06/2018	-	1,875,288
Total non-current unsecured borrowings			428,010	2,247,471
Total borrowings			2,881,852	2,556,176

Assets pledged as security.

Centennial Mining Limited (the company) has granted a Personal Property Securities Act security interest over all of the present and future property of the company and a mortgage over the mining licence covering the company's A1 Mine as security for the issue of \$2,500,000 of convertible notes.

Financing facilities available

As at 30 June 2017 and 30 June 2016, the Group did not have any undrawn finance facilities.

NOTE 13: CONVERTIBLE NOTES

71,428,571 convertible notes were issued by the Group on 25 June 2015 at an issue price of 3.5 cents per note. Each note entitles the holder to convert to one ordinary share.

Conversion may occur at any time between 25 June 2015 and 25 June 2018. If the notes have not been converted, they will be redeemed on 25 June 2018 at 3.5 cents per note. Interest of 12.5% will be paid quarterly in arrears up until that settlement date.

The net proceeds received from the issue of the convertible notes have been split between the financial liability and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Company as follows:

	\$
Gross face value of notes	2,500,000
Less:	
Transaction costs	(309,059)
Share based payment – options granted	(571,428)
Net proceeds	1,619,513
Liability component at date of issue	1,552,660
Equity component	66,853

The equity component of \$66,853 has been credited to equity (option premium on convertible note –see note 16).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 13: CONVERTIBLE NOTES (continued)

The liability component is measured at amortised cost. The interest expense for the period to 30 June 2017 of \$624,856 is calculated by applying an effective interest rate of 26.1% to the liability component for the period since the loan notes were issued. Interest paid in the period since issue is \$625,000. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position at 30 June 2017 represents the effective interest rate less interest paid to that date.

NOTE 14: PROVISIONS

	Employee benefits (i) \$	Restorative obligations (ii) \$	Other (iii) \$	Total \$
Balance at beginning of year	81,302	1,186,500	-	1,267,802
Arising during the year	153,703	-	401,368	555,071
Unused amounts reversed	-	-	-	-
Balance at the end of year	235,005	1,186,500	401,368	1,822,873
Current	157,438	-	401,368	558,806
Non-current	77,567	1,186,500	-	1,264,067
	235,005	1,186,500	401,368	1,822,873

- i) The provision for employee benefits represents accrued long service leave.
- ii) The provision for restorative obligations relates to the estimated cost of rehabilitation work to be carried out in relation to the removal of facilities, closure of sites and restoring the affected areas. The provision represents the best estimate of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.
- iii) Provision for Duties – Refer Note 22

NOTE 15: ISSUED CAPITAL

	2017 \$	2016 \$
705,444,920 Ordinary shares issued and fully paid (2016 – 552,689,252)	48,410,129	45,177,830

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

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

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15: ISSUED CAPITAL (continued)

	Consolidated			
	2017		2016	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Balance at beginning of financial year	552,689,252	45,177,830	446,356,265	42,606,668
Shares issued during the year for cash				
November 2015	-	-	12,083,336	290,000
January 2016	-	-	29,583,336	710,000
August 2016	152,755,647	3,667,942		
December 2016	21	1		
Shares issued as part consideration of Walhalla tenement	-	-	7,816,285	300,000
Shares issued as consideration for mining services rendered by PYBAR Mining Services Pty Ltd	-	-	56,850,030	1,458,203
Share based payments relating to share issues	-	-	-	(90,278)
Share issue costs	-	(435,644)	-	(96,763)
Balance at end of financial year	705,444,920	48,410,129	552,689,252	45,177,830
	2017		2016	
	No.	Weighted average exercise price	No.	Weighted average exercise price
<i>Movement in options over ordinary shares on issue:</i>				
At start of year	270,639,276	\$0.032	232,750,389	\$0.031
Granted	114,918,376	\$0.033	37,888,887	\$0.040
Exercised	(21)	-	-	-
Expired	(15,000,000)	-	-	-
At end of year	370,557,631	\$0.032	270,639,276	\$0.032

All options are exercisable on or before 30 November 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: RESERVES

Share based payments reserve

The share based payments reserve is used to record the value of equity benefits provided to directors and employees as part of their remuneration and to other parties for services rendered and in connection with raising capital and acquisition of subsidiaries. Refer to Note 17 for further details.

Convertible Note Reserve

The option premium on convertible notes represents the equity component (conversion right) of the \$2,500,000 of convertible notes issued during the year ended 30 June 2015. Refer to Note 13.

NOTE 17: SHARE BASED PAYMENTS

- a) On 8 January, 2016 Centennial completed the Share Purchase Plan. As part consideration for partially underwriting the Share Purchase Plan, Centennial issued 9,027,778 underwriter options which were subsequently listed. These options are exercisable at \$0.03 each on or before 30 November 2019 and have been valued at \$90,278 by reference to the market value of \$0.01 each at the date of issue.
- b) On 4 December 2015 Centennial issued 24,000,000 unlisted options to directors as mid to long term performance incentives. These options are exercisable at \$0.045 on or before 30 November 2019 and vest in three tranches on delivery of three performance milestones. They have been valued at \$334,400 at the grant date of 11 November 2015 using the Monte-Carlo simulation model, Hoadley's Hybrid ESO Single Share Price Target, based on the following assumptions.

Underlying value of shares	\$0.029
Exercise price	\$0.045
Risk free rate of return	2.29%
Volatility factor	81%

An amount of \$57,989 has been recognised to date and shown as a share based payment expense based on the probability of meeting the non-market conditions.

- c) On 14 January, 2015 Centennial issued 9,000,000 unlisted Executive Options to employees and contractors of the company as performance incentives. These options are exercisable at \$0.05 each on or before 30 November 2019, and vest in three tranches on delivery of three performance milestones. They have been valued at \$117,684 at the grant date using the Black-Scholes option pricing model based on the following assumptions.

Underlying value of shares	\$0.0309
Exercise price	\$0.03
Risk free rate of return	2.71%
Volatility factor	86%

An amount of \$6,785.23 has been recognised to date. An amount of \$2,612 (2016 \$7,856) has been shown as a share based payment expense based on the probability of meeting the non-market vesting conditions. A reversal amount of \$8,347 has been applied as a result of the cancellation of options for those employees who have left the employment of Centennial Mining Limited.

- d) By a prospectus lodged on 2 October 2014, Centennial Mining Limited (Centennial) made a 7 for 8 renounceable Entitlement Offer to shareholders. As part consideration for underwriting the Entitlement Offer, Centennial issued 51,532,693 underwriter options at no consideration which were subsequently listed. These options are exercisable at \$0.03 each on or before 30 November 2019 and have been valued at \$1,239,596 using the Black-Scholes option pricing model based on the following assumptions:

Number of Options Issued	21,484,177	30,048,516
Underlying value of shares	\$0.0388	\$0.0309
Exercise price	\$0.03	\$0.03
Risk free rate of return	2.77%	2.71%
Volatility factor	83%	86%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: SHARE BASED PAYMENTS (continued)

- e) On 25 June, 2015 Centennial completed the Share Sale Agreement whereby Centennial acquired 100% of the issued capital in three subsidiary companies holding the Victorian assets of Octagonal Resources Limited. Part of the consideration for the acquisition was the issue of 56,557,576 listed options exercisable at \$0.03 each on or before 30 November, 2019. The options have been valued at \$1,357,382 by reference to the market value of \$0.024 each at the date of issue.
- f) On 25 June, 2015 Centennial completed a \$2,500,000 convertible note placement. The terms of the placement included the issue of 23,809,520 listed options exercisable at \$0.03 each on or before 30 November 2019. The options have been valued at \$571,428 by reference to the market value of \$0.024 each at the date of issue.

For details of options issued to key management personnel, refer to the Directors' Report.

Employee Share Option Plan

The Board has adopted an employee share option plan which it believes will provide employees with the opportunity to participate in the success of the Company and encourage employees to actively participate in growing the wealth of the Group for the benefit of all shareholders. When issued each Employee Option shall entitle the option holder to acquire one fully paid ordinary share upon payment of the exercise price specified in the offer. The exercise price will be not less than 80% of the average closing sale price of the Group's share on ASX over the five days immediately preceding the date of the offer.

The Employee Options will not be listed on ASX. Application will be made for official quotation of the shares issued upon exercise of the Employee Options.

As at 30 June 2017 and 30 June 2016 no Employee Options had been issued.

NOTE 18: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to maintain a low debt to equity ratio and ensure that the Group will be able to continue as a going concern. This strategy has remained unchanged since 2015.

The capital structure of the Group consists of debt, cash and cash equivalents and equity comprising issued capital and reserves reduced by accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

(b) Categories of financial instruments

	2017 \$	2016 \$
Financial assets		
Cash and cash equivalents	527,663	334,922
Receivables	191,009	436,397
Rental bonds	5,022	3,220
Term deposit	10,000	10,000
Environmental bonds	976,500	996,500
Total financial assets	1,710,194	1,781,039
Financial liabilities		
Trade and other payables	3,088,018	3,979,593
Borrowings	2,881,852	2,556,176
Total financial liabilities	5,969,870	6,535,769

All the above financial assets and liabilities are carried at amortised cost and the carrying amount is equivalent to fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 18: FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives

The Group is exposed to credit risk, liquidity risk and interest rate risk as a normal course of the Group's business.

i) Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk of liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. Apart from credit risk on liquid funds the Group does not have any significant risk exposure to any single counterparty or any group of counterparties having similar characteristics.

ii) Liquidity Risk

The Group manages liquidity risk by maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows.

The contractual maturity for the Group's financial liabilities, including estimated interest payments, is as follows:

	Less than 1 Month \$	1 – 3 Months \$	3 Months – 1 Year \$	1 – 5 Years \$	5+ Years \$
2017					
Non-interest bearing	1,825,347	509,711	752,961	-	-
Fixed interest rate instruments	-	78,125	2,734,375	774,729	-
	<u>1,825,347</u>	<u>587,836</u>	<u>3,487,336</u>	<u>774,729</u>	<u>-</u>
2016					
Non-interest bearing	1,479,432	1,970,918	529,243	-	-
Fixed interest rate instruments	39,400	156,925	443,976	3,312,500	-
	<u>1,518,832</u>	<u>2,127,843</u>	<u>973,219</u>	<u>3,312,500</u>	<u>-</u>

iii) Interest Rate Risk

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

	2017 \$	2016 \$
	<u>Carrying Amount</u>	<u>Carrying Amount</u>
Variable rate instruments		
Financial assets	<u>1,001,435</u>	<u>1,286,394</u>
Fixed rate instruments		
Financial liabilities	<u>2,881,852</u>	<u>2,556,176</u>

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss would decrease by \$5,007 and increase by \$5,007 (2016: \$6,432). There would be a corresponding effect on equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19: COMMITMENTS AND CONTINGENCIES

Exploration commitments

Future minimum commitments in relation to exploration and mining tenements as at the balance date are as follows:

	2017 \$	2016 \$
Payable		
Within one year	1,266,560	1,489,960
After one but no more than five years	4,284,539	4,474,310
More than five years	11,844,400	12,904,000
	17,395,499	18,868,270

Future minimum commitments have been calculated based on the term of the licences. However, licences can be handed back at any time with no further commitment.

Capital commitments and contingencies

There were no capital commitments or contingencies as at 30 June 2017 or 30 June 2016.

Operating lease commitments – Company as lessee

The Company has entered into commercial leases on certain software, equipment and house rental. These leases have an average life of between 6 months and 2 years. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2017 \$	2016 \$
Within one year	48,696	18,611
After one year but not more than five years	-	-
More than five years	-	-
	48,696	18,611

NOTE 20: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Centennial Mining Limited and the subsidiaries listed in the following table.

	% Equity interest		Investment	
	2017	2016	2017	2016
			\$	\$
Maldon Resources Pty Limited	100%	100%	6,813,410	6,813,410
Highlake Resources Pty Limited	100%	100%	48	48
Matrix Gold Pty Limited	100%	100%	23	23

Centennial Mining Limited is the ultimate Australian parent entity and ultimate parent of the Group. All subsidiaries are incorporated in Australia.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related entities are disclosed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20: RELATED PARTY DISCLOSURE (continued)

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Related party		Income from Related Parties \$	Expenditure Related Parties \$	Amounts Owed by Related parties \$	Amounts Owed to Related parties \$
Director related parties					
Amounts owing to directors for:					
- Salary, superannuation and employee entitlements					
D J Clark (resigned 31 May 2016)	2017	-	-	-	-
	2016	-	-	-	320,308
- Directors fees and superannuation					
D Rogers – Executive Chairman	2017	-	48,218	-	361,923
(appointed 24 November 2014)	2016	-	-	-	125,585
J Cullen – Non Executive Director	2017	-	-	-	47,906
(appointed 1 May 2015)	2016	-	-	-	51,100
A Gray – Non Executive Director	2017	-	32,850	-	16,562
(appointed 25 June 2015)	2016	-	-	-	48,983
Other related parties					
Company secretarial services were supplied by DW Corporate Pty Ltd. Mr D Wilkins, company secretary of Centennial Mining Limited; is the principal of DW Corporate Pty Limited.					
	2017	-	103,929	-	4,950
	2016	-	114,100	-	23,033

Related party

Terms and conditions of transactions with related parties

Purchases from related parties are made at arm's length and at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 21: PARENT ENTITY DISCLOSURES

Financial position

	2017 \$	2016 \$
Assets		
Current assets	1,919,283	2,013,529
Non-current assets	36,956,168	35,752,659
Total assets	38,875,451	37,766,188
Liabilities		
Current liabilities	5,537,398	4,125,086
Non-current liabilities	2,002,701	4,308,886
Total liabilities	7,540,099	8,433,972
Equity		
Issued capital	48,410,129	45,177,830
Reserves		
• Option premium on convertible notes	66,853	66,852
• Share-based payments	5,922,365	5,542,876
Accumulated losses	(23,063,995)	(21,455,342)
Total equity	31,335,352	29,332,216

Financial performance

	\$	\$
(Loss) for the year	(1,608,653)	(718,140)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,608,653)	(718,140)

There were no capital commitments or contingencies as at 30 June 2017 or 30 June 2016.

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

On 19 September 2017, the Directors were notified by the State Revenue Office in Victoria of a potential duty liability under the landholder duty provisions of the *Duties Act 2000 (Vic)*. The duty liability relates to the Company's acquisition of Maldon Resources Pty Limited. As such, the Board has taken the conservative view to raise a provision of \$401,368 in the financial statements to allow for any potential duties which may be payable. The Board is not convinced that the company is liable for these duties and the matter has been referred to subject matter experts for review and advice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 23: AUDITOR'S REMUNERATION

The auditor of Centennial Mining Limited group is HLB Mann Judd.

	2017 \$	2016 \$
<i>Amounts received or due and receivable by HLB Mann Judd for:</i>		
Audit of the financial statements – accrual for current period	44,000	32,000
– over/under accrual from prior period	6,151	4,500
Review of half yearly financial statements	22,750	20,000
	72,901	56,500

NOTE 24: KEY MANAGEMENT PERSONNEL

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to key management personnel during the year are as follows:

	2017 \$	2016 \$
Short-term employee benefits	457,500	440,308
Post-employment benefits	27,620	33,053
Share-based payment	348,110	57,989
	833,230	531,350

NOTE 25: SEGMENT REPORTING

The Group has operated in one segment being the mineral exploration sector in Victoria and accordingly no further disclosure is required in the notes to the consolidated financial statements.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Centennial Mining Limited (the 'Company'):
 - a. the accompanying consolidated financial statements and notes are 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 performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the consolidated financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the board of directors.



Dale Rogers
Executive Chairman

30 September 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Centennial Mining Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2017



M R Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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INDEPENDENT AUDITOR'S REPORT

To the members of Centennial Mining Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of Centennial Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty regarding going concern

We draw attention to Note 1(a) in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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Key Audit Matters
How our audit addressed the key audit matter
Transition to production accounting at the A1 Gold Mine

Refer to note 10 in the financial statements

Description

As at 30 June 2017, the Company had capitalised \$26,714,417 in relation to assets within the development phase. The classification of this asset between development and production is of critical significance to an understanding of the Company's operations as a whole.

We have focused on this area as a key audit matter as determining when development ends and production starts can often be a complex decision.

This area involved significant communication with those charged with governance and required significant audit effort. In particular, classification as either preproduction or production is highly material to the financial statements and to the users' understanding of the financial statements as a whole.

Audit Approach

Our procedures included but were not limited to:

- We reviewed management's conclusion on whether the asset is available for use in the manner intended by management, including assessment of the criteria used to make this decision;
- Consideration of relevant requirements of accounting standards;
- We considered management's processes and controls in relation to the matter;
- Review of the recognition of gold sales and the costs associated with these sales, ensuring that the basis of allocation for these costs is reasonable; and
- Review of the depreciation and amortisation methods and rates used for the pre-production asset and other associated items of plant and equipment, to ensure that they are reasonable and in line with activities.

Carrying value of inventory

Refer to note 7 in the financial statements

Description

As at 30 June 2017, the carrying value of the Group's inventory was \$1,099,559 as disclosed in Note 7.

The carrying value of inventory is a significant area of judgement by management as detailed in Note 1 (n), including determining estimates of future processing costs, ore grades, volume and density. This judgement is specifically used in valuing the ore stocks on hand and the gold still being processed at year end.

Audit Approach

Our procedures included but were not limited to:

- We considered the appropriateness of the Group's accounting policy and application;
- We considered management's processes and controls in relation to inventory;
- We considered the methodology applied by management to record all appropriate costs within the inventory model and management's calculation of net realisable value ('NRV');
- To verify existence of inventory at year end, we observed the processes and procedures used to estimate both the ore and gold in process stocks as part of our site visit, evaluating the key areas of estimation involved in the process and how these estimation risks are addressed and minimised by management;

- In relation to net realisable value, our testing included comparison of the carrying value to gold price data; and
- Our testing included a reconciliation of the gold sales during the year to sales records, ensuring that all of production gold has been accounted for.

Impairment assessment of pre-production assets

Refer to note 9 & 10 in the financial statements

Description

An impairment assessment was conducted by management during the year in relation to the assets comprising the A1 Gold Project. The group made a loss for the financial year, which is seen to be an indicator of impairment for these assets.

The A1 Gold Project assets include mine properties and development with a carrying value of \$26,714,417 (refer Note 10) and the processing plant with a carrying value of \$7,058,409, mining equipment of \$132,788 and other property, plant and equipment with a carrying value of \$33,142 (refer Note 9).

The impairment assessment conducted under AASB 136 *Impairment of Assets* involved a comparison of the recoverable amount of the A1 Gold Project assets with their carrying amounts in the financial statements. Recoverable amount is based upon the higher of fair value less costs of disposal and value-in-use.

The evaluation of the recoverable amount of these assets is considered a key audit matter as it was based upon a value-in-use calculation which required significant judgement in verifying the key assumptions supporting the expected discounted future cash flows of the A1 Gold Project.

Audit Approach

Our procedures included but were not limited to:

- Obtaining an understanding of the process associated with the preparation of the model used to assess the recoverable amount of the A1 Gold Project;
- Critically evaluating management's methodology in the value-in-use model and the basis for key assumptions;
- Performing sensitivity analyses around the key inputs used in the cash flow forecasts that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising;
- Reviewing the mathematical accuracy of the value-in-use model;
- Comparing value-in-use to the carrying amount of assets comprising the cash-generating unit;
- Considering whether the assets comprising the cash-generating unit had been correctly allocated;
- Comparing forecast cash flows to the latest Board approved forecasts;
- Considering the appropriateness of the discount rate used; and
- Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

Tax

Refer to note 3 in the financial statements

Description

As at 30 June 2017, the Group has recognised a deferred tax asset of \$4,260,242, a deferred tax liability of \$5,531,933 and an income tax

Audit Approach

Our procedures included but were not limited to:

- We considered the tax calculations obtained by management from an external

benefit of \$451,126.

We considered this to be a key audit matter as it involved the most communication with management and was an area which required significant audit effort.

- independent accounting firm and critically assessed them for reasonableness;
- We engaged our internal tax specialists to perform an assessment of the tax calculations provided by management;
- We ensured the disclosures within the financial report were appropriate and in line with the requirements of accounting standards.

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

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

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

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

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

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Centennial Mining 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 September 2017



M R Ohm
Partner

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 6 October 2017.

Distribution of Equity Securities AYC

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

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	47	5,094
1,001	- 5,000	99	314,275
5,001	- 10,000	186	1,413,171
10,001	- 100,000	588	25,927,695
100,001	and over	471	677,784,685
		1,391	705,444,920
The number of shareholders holding less than a marketable parcel of shares are:		577	6,507,315

Twenty Largest Shareholders AYC

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	OCTAGONAL RESOURCES LTD	132,142,265	18.73
2	BNP PARIBAS NOM PL HUB24	30,785,599	4.36
3	ROGERS CHRISTOPHER W	23,572,364	3.34
4	HERON RES LTD	23,000,000	3.26
5	BOND STREET CUSTS LTD	20,186,782	2.86
6	JASPER HILL RES PL	16,179,048	2.29
7	WELCH BRYAN	15,000,000	2.13
8	T T NICHOLLS PL	13,483,546	1.91
9	ALLIANCE RES LTD	11,000,000	1.56
10	AUST EXECUTOR TTEES LTD	10,988,444	1.56
11	LEET INV PL	10,900,000	1.55
12	BNP PARIBAS NOM PL	10,281,647	1.46
13	ABBOTSLEIGH PROPRIETARY L	9,587,385	1.36
14	BAHEN MARK JOHN + M P	8,937,500	1.27
15	LEET INV PL	8,000,000	1.13
16	ALLORA EQUITIES PL	7,625,201	1.08
17	CORD INV PL	7,250,000	1.03
18	KAHALA HLDGS PL	6,624,887	0.94
19	JML APPLETON PL	6,246,250	0.89
20	INVIA CUST PL <NJ FAM A/	5,533,334	0.78
		377,324,252	53.49

ASX Additional Information (continued)

Distribution of Equity Securities AYCO

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

		3.0 cent Options expiring 30 November 2019	
		Number of holders	Number of options
1	- 1,000	36	17,535
1,001	- 5,000	206	557,330
5,001	- 10,000	95	701,579
10,001	- 100,000	241	8,635,369
100,001	and over	158	278,645,818
		736	288,557,631

Twenty Largest Shareholders AYCO

The names of the twenty largest holders of Listed 2.938 cent Options are:

		2.938 cent Options	
		Number of Options	Percentage of Options
1	OCTAGONAL RES LTD	63,502,020	22.01
2	JASPER HILL RES PL	21,179,970	7.34
3	SQUADRON RES PL	19,047,620	6.60
4	ROGERS CHRISTOPHER W	15,394,633	5.34
5	BNP PARIBAS NOM PL HUB24	11,889,903	4.12
6	PATERSONS SEC LTD	10,827,782	3.75
7	BOND STREET CUSTS LTD	6,728,927	2.33
8	T T NICHOLLS PL	6,066,614	2.10
9	RAE PHILLIP JAMES	6,000,000	2.08
10	MANFORD MICHAEL FRANK	6,000,000	2.08
11	CORD INV PL	5,750,000	1.99
12	ABBOTSLEIGH PROPRIETARY L	3,972,492	1.38
13	AUST EXECUTOR TTEES LTD	3,662,815	1.27
14	ZAMAN PERAK PL	3,250,000	1.13
15	KAHALA HLDGS PL	3,161,408	1.10
16	WELLBY ROBERT JOHN + N H	2,707,678	0.94
17	HO LORIE MAI	2,290,000	0.79
18	ALLORA EQUITIES PL	2,275,622	0.79
19	DAVIS IAN RONALD	2,220,000	0.77
20	CLARK D J + CROKER P F	2,188,126	0.76
		198,115,610	68.67

ASX Additional Information

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Ian Jeffrey Gandel	119,078,840
Pybar Mining Services Pty Ltd	27,881,978
Dennis Clark	23,730,325

Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Unquoted Securities

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class	
			Holder Name	Number of Securities
4.438 cent options expiry 30 November 2019	15,000,000	3	Christopher Rogers	6,000,000
			Kahala Holdings Pty Ltd	4,500,000
			Anthony Robert Gray	4,500,000
4.938 cent options expiry 30 November 2019	3,000,000	1	Kirrily Pay	3,000,000
3.55 cent options expiry 6 December 2020	64,000,000	1	Christopher Rogers	64,000,000
3.438 cent convertible notes maturing 25 June 2018	71,428,565	15	Squadron Resources Pty Ltd	57,142,858
2.55 cent options expiry 2 October 2021	29,000,000	3	Peter Crooks	12,000,000
			John Clout	12,000,000

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