HARDEY RESOURCES LIMITED

ABN 45 115 593 005

Annual Report for the Year Ended 30 June 2018

Annual Report
For the year ended 30 June 2018

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Board of Directors

Terence Clee	Executive Chairman
Robin Armstrong	Non-Executive Director (resigned 11 December 2017, reappointed 19 February 2018)
Robert McCauley	Non-Executive Director (appointed 20 April 2018)
James Ellingford	Non-Executive Chairman (resigned 20 April 2018)
Matthew Bowles	Non-Executive Director (appointed 11 December 2017, resigned 26 March 2018)

Secretary

Ms Sarah Smith

Registered Office

Suite 2, 1 Altona Street
West Perth WA 6005

Website: www.hardeyresources.com.au

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: HDY)

Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited
172 St Georges Terrace
Perth WA 6000

Country of Incorporation

Hardey Resources Limited is domiciled and incorporated in Australia

Directors' Report

The Directors of Hardey Resources Limited ("HDY" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Hardey Resources Limited and its controlled entities (the "Group") for the financial year ended 30 June 2018.

DIRECTORS
The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Terence Clee | Executive Chairman
(Appointed 18 May 2016)

Mr Clee started his professional career at KPMG Sydney, working in Corporate Audit and Tax. He then became a partner in a multidisciplinary legal practice alongside colleagues formerly of Allens Arthur Robinson and Ashurst. Mr Clee's client base comprised of large corporates in the mining and technology space. Mr Clee also has experience in the start-up and small cap space. He has advised technology companies and miners of all sizes on commercialisation, mergers and acquisitions, cross-border transactions and R&D.

Mr Clee holds a Bachelor of Commerce (Accounting) and a Bachelor of Laws from the University of NSW. Mr Clee is a solicitor admitted to the Supreme Court of NSW. He currently serves as a director of numerous ASX listed and unlisted companies.

During the past three years, Mr Clee held the following directorships in other ASX-listed companies:

- Executive Director of Victory Mines Limited (current);
- Non-Executive Chairman of Manalto Limited (current); and
- Non-Executive Director of JV Global Limited (current).

Robin Armstrong | Non-Executive Director
(Resigned 11 December 2017, reappointed 19 February 2018)

Robin Armstrong has more than 35 years' experience in the stockbroking and corporate finance industry and was executive director of Findlay Stockbrokers Limited. He brings a wealth of experience and investor contacts and has served on many ASX-listed small and mid-company boards during his career. Robin assists the Company in corporate fund raisings and marketing the Company and its projects.

During the past three years, Mr Armstrong held the following directorships in other ASX-listed companies:

- Non-Executive Chairman of WolfStrike Rentals Group Limited (resigned 30 November 2016).

Robert McCauley | Non-Executive Director
(Appointed 20 April 2018)

Mr McCauley has held senior Board and Management positions in ASX Listed Companies including Commissioners Gold Ltd now Gold Mountain Ltd (ASX:GMN) and has extensive experience in capital raisings, IPO's, finance, media, corporate advice and acquisitions. Robert was also nominated in 2011 as an industry representative on the ASX equity market review panel reporting to ASIC. Robert holds a BSc degree and is a Member of the Royal Institution of Chartered Surveyors (Aust.UK). He is also a Registered Surveyor, Licensed Surveyor WA and a Chartered Land & Minerals Surveyor. Robert has over 35 years of experience and involvement in infrastructure development including Boddington Gold Mine WA – now Newmont Mining Corporation; North West Shelf Natural Gas Project and the Monasavu Hydro Electric Scheme, Fiji - World Bank Project. Mr McCauley brings to the Board his broad knowledge of corporate and technical skills including assisting the Company to identify and analyse future M&A opportunities.

During the past three years, Mr McCauley did not hold directorships in other ASX-listed companies.

Directors' Report

James Ellingford | Non-Executive Chairman
D.Mgt, MBA, Post Grad Corp Man, AICD
(Resigned 20 April 2018)

James Ellingford's professional life culminated in serving as President of an international publicly-listed billion-dollar business with its headquarters in Geneva, Switzerland and New York, USA. He has vast experience in the international arena and has successfully developed close ties with both financial institutions as well as governments throughout the world.

Dr Ellingford holds a Post-Graduate in Corporate Management, a Masters in Business Administration as well as a Doctorate in Management. Dr Ellingford also lectures MBA students in Corporate Governance at a leading Sydney University and has a keen interest in ethics and governance.

During the past three years, Dr Ellingford held the following directorships in other ASX-listed companies:

- Non-Executive Chairman of Victory Mines Limited (current);
- Non-Executive Chairman of Minrex Resources Ltd (current);
- Non-Executive Director of Creso Pharma Limited (current);
- Executive Director of Manalto Limited (current);
- Non-Executive Director of Zyber Holdings Limited (resigned February 2016); and
- Non-Executive Director of Pursuit Minerals Ltd, formerly Burrabulla Corporation Limited (resigned August 2017).

Matthew Bowles | Non-Executive Director
(Appointed 11 December 2017, resigned 26 March 2018)

Mr Bowles is a senior corporate finance executive with extensive public corporate advisory, private equity and capital markets experience in the resources sector. Mr Bowles has successfully negotiated domestic and cross border financings, joint venture agreements and M&A transactions for a number of listed and private companies in Africa, the Americas and Australia.

Mr Bowles has held executive and board positions with several resource companies focusing on advancing exploration and development projects. He is currently the CEO of Tanga Resources, an ASX listed, African focused, gold and base metals explorer and was previously the Chief Development Officer for an ASX 200 West African focused gold company. Matthew commenced his career with Rio Tinto where he worked in a number of corporate and commercial roles for nine years, before moving to London to work in finance and banking. Since his return to Australia he has held senior roles with global advisory firms, with a focus on the resources sector.

During the past three years, Mr Bowles did not hold directorships in other ASX-listed companies.

COMPANY SECRETARY

Sarah Smith
(Appointed 9 March 2017)

Ms Smith specialises in corporate advisory, company secretarial and financial management services. Ms Smith's experience includes company secretarial and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Ms Smith is a Chartered Accountant and has acted as the Company Secretary for several ASX-listed companies.

Directors' Report

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares, options and performance rights of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Unlisted Share Options
Terence Clee	-	295,937 (i)
Robin Armstrong	5,000	430,300 (i)
Robert McCauley	-	-
Total	**5,000**	**726,237**

(i) Unlisted Options exercisable at $0.044 on or before 1 October 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration.

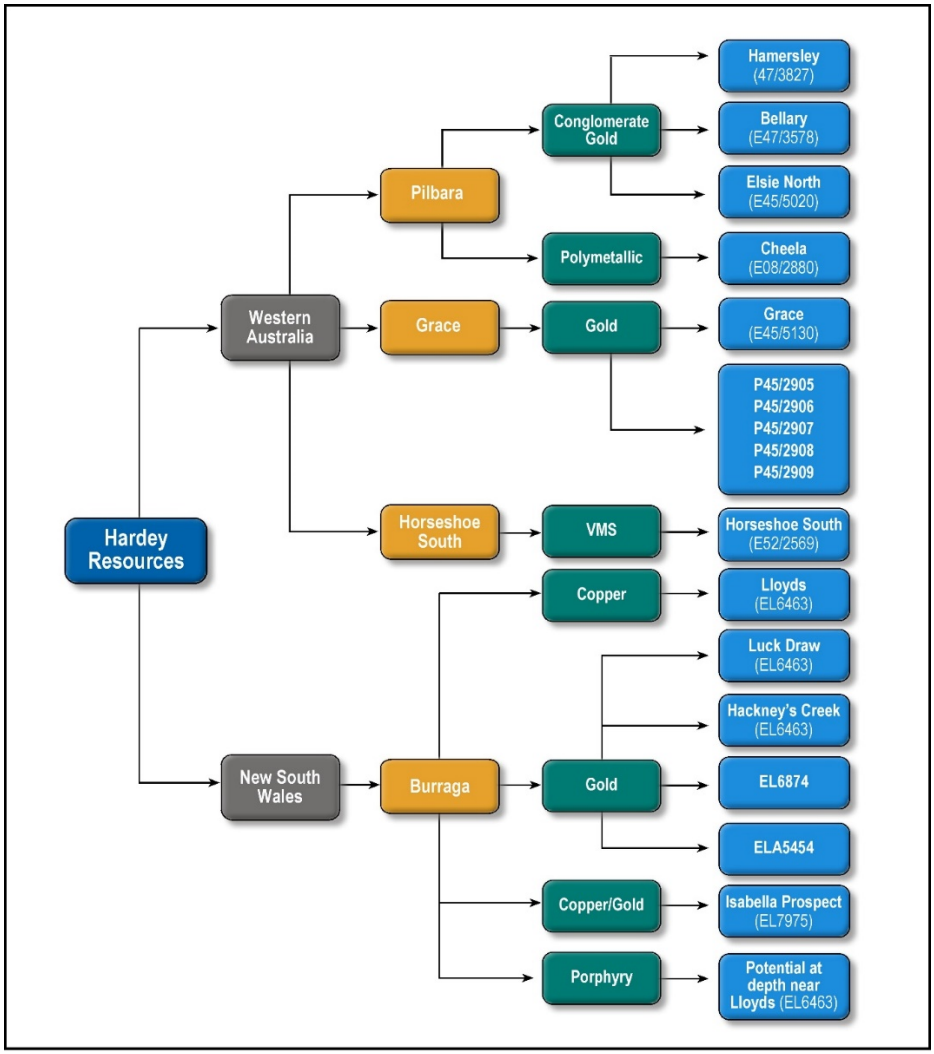
REVIEW OF OPERATIONS

At 30 June 2018, the Company had four major projects located in Australia (**Figure 1**). Three projects are located in the Pilbara region of Western Australia which include the Pilbara, Grace and Horseshoe South projects. In addition, the Company has the Burraga project in NSW which covers a large area with contiguous tenement holdings and land ownership. Post-30 June 2018, the Company acquired vanadium focused assets in Queensland and the Northern Territory which are discussed under "Acquisitions subsequent to financial year close" below.

Figure 1: Projects in Australia as at 30 June 2018.

Directors' Report

Most of the projects comprise numerous tenements, focusing on multi-commodities which are detailed below (**Figure 2**).



Note: P45/2905-09 are within E45/4524

Figure 2: Projects groups, associated tenements and commodity focus.

BURRAGA PROJECT

The Burraga copper-gold project, located in the world class minerals province of the East Lachlan Fold Belt in central western NSW, consists of three contiguous exploration licences (EL6463, EL6874, and EL7975) and one exploration licence application (ELA5454). If covers a total area of circa 221km^2 (**Figure 3**). Further, the Company's own land at Burraga, which comprises circa 84km^2, including the main village, is a short distance from Lloyd's Copper Mine (LCM).

Directors' Report

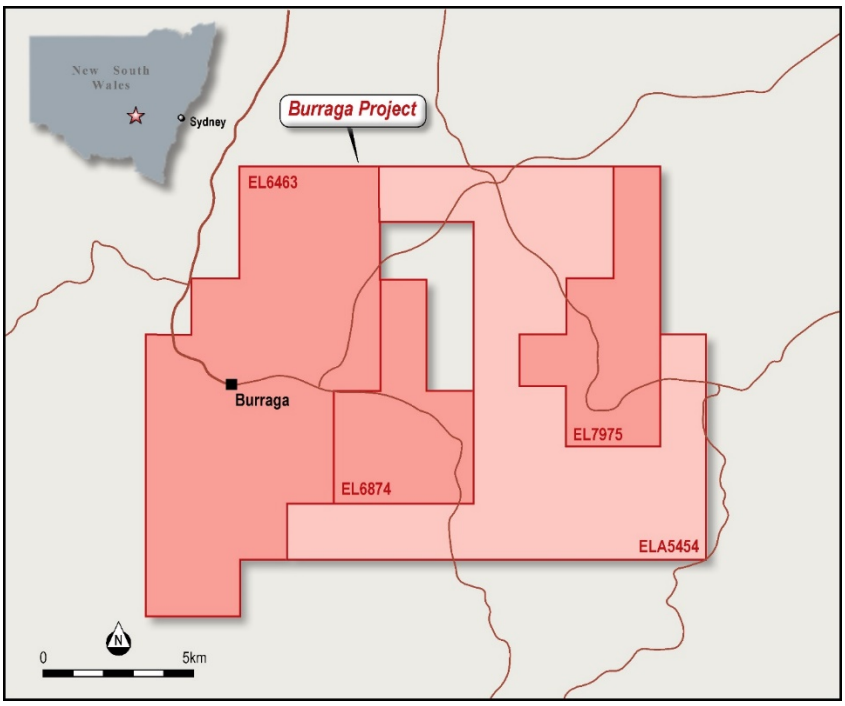


Figure 3: Regional location of EL6463, EL6874 and EL7975 which make up the granted tenures of the Burraga project, inset shows shape and location of exploration licenses.

The strength of the renewable energy and battery sector has led to a renewed focus on LCM, which is the main copper asset. The Company has commissioned exploration projects with the aim of confirming extensions to LCM's ore body. Note, LCM operated between 1880 and 1920, then intermittently up to 1961. Moreover, LCM produced 19,443 tonnes of copper from 469,626 tonnes of ore, implying a recovered grade of 4.14% copper.

During the first half, the Company completed two reverse circulation (RC) drill-holes from the same pad (EYMRC032 & EYMRC033, **Figure 4**). These were drilled towards 210°N and 250°N (true) angled at -80° and -60° to allow for testing of mineralisation and sampling of alteration halos.

Figure 4: Drill collars for RC program completed as part of the LCM extension program.

Directors' Report

The intended depth of each hole was 300m, however, both were cut short due to impenetrable ground. The drill-holes were designed to test targets generated from previous ore body modelling (**Figure 5**).

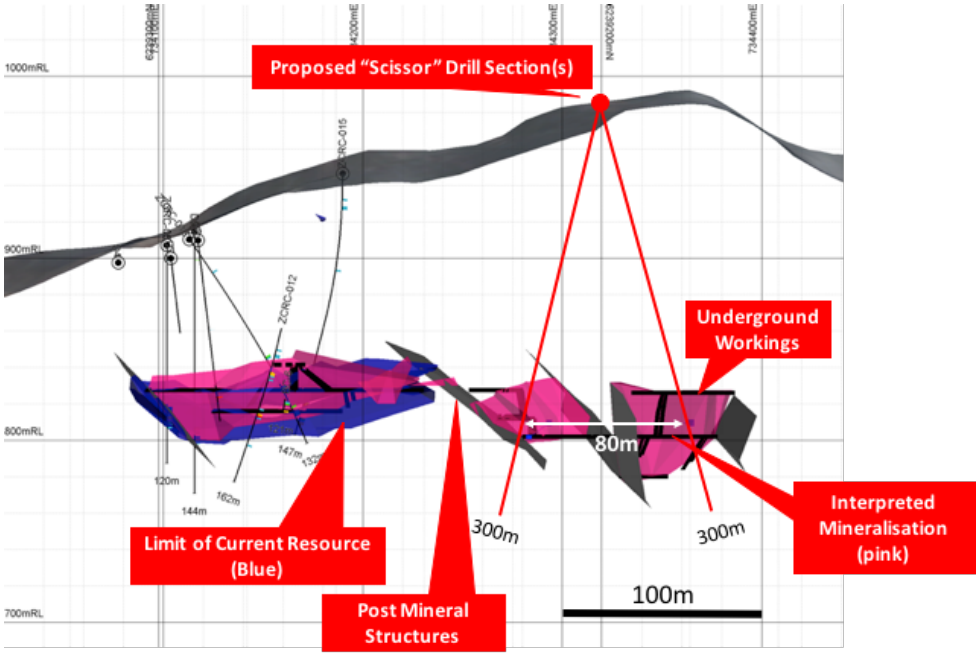


Figure 5: Phase 2 drill holes were completed as per the model – holes shown in red form integral parts of the LCM extension program.

Key result highlights from these two drill-holes are as follows:

EYMRC032:

- 1m @ 1.6 g/t Ag (106-107m)
- 8m @ 1327.5 ppm Zn (40-48m)
- 4m @ 2130 ppm Zn (113-117m)

EYMRC033:

- 10m @ 5305.8 ppm Cu (183-193EOH) including 8m @ 6369.75ppm Cu with 3.34 g/t Ag (183-191m)

The Company continues to embrace cutting-edge technology to increase understanding LCM's ore body. During the period, a well-known hyperspectral consultant was engaged to produce a model of the LCM site which will lead to more effective exploration targeting in future.

Hyperspectral analysis of existing drill core and chips is to be used – in conjunction with existing geophysics and geochemical data – to provide a holistic model of LCM's complex ore body and mineralisation halo. The findings of this project will direct future drilling programs. This type of analysis is becoming common place in the exploration industry as it is proven to be one of the most accurate and cost-effective exploration tools for delineating structurally complex ore bodies.

A RC drilling program at LCM has been planned but not yet executed, due to various exogenous factors. Once these issues are resolved, the campaign will proceed and look to build on the promising 2017 results by testing extensions of mineralisation at depth and down strike (**Figure 6**).

Directors' Report

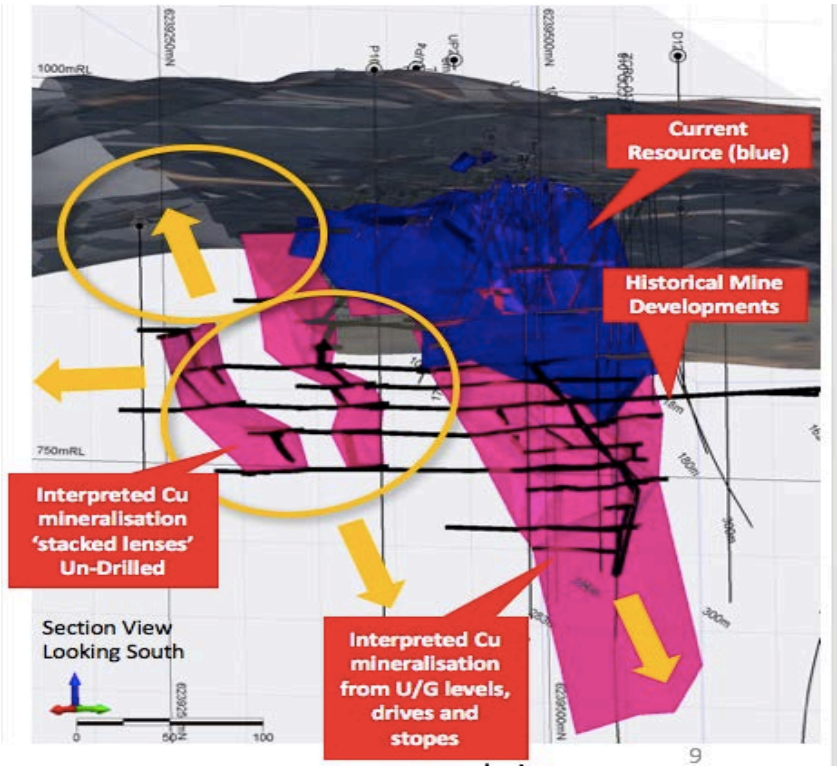


Figure 6: Ore body model at LCM.

The Environmental Impact Statement (EIS) for LCM has been updated and progressed following a continued review of data from site. Gaining approval of the EIS remains a priority, with the Company ultimately aiming to obtain a mining license.

No other work was undertaken on the Burraga project (**Figure 6** above), however, future plans that have been proposed during the period to evolve a polymetallic portfolio include:

- A 2000m RC drilling program to test gold targets at Hackney's Creek subject to securing access, finalising the drilling program and intended execution dates;
- A program of work at the Isabella gold prospect on EL7975; and
- A review of all available data for EL6874 will be undertaken with the aim of identifying and prioritising prospects for further exploration.

PILBARA ASSETS

The Company acquired five gold assets in the Pilbara region, Western Australia, in two different areas, complementing the legacy Horseshoe South project (**Figure 7**). Four are grouped under conglomerate gold as they are within the Fortescue Group Formation (though one is prospective for polymetallic mineralisation), while the Grace project is in the Paterson Province.

Directors' Report

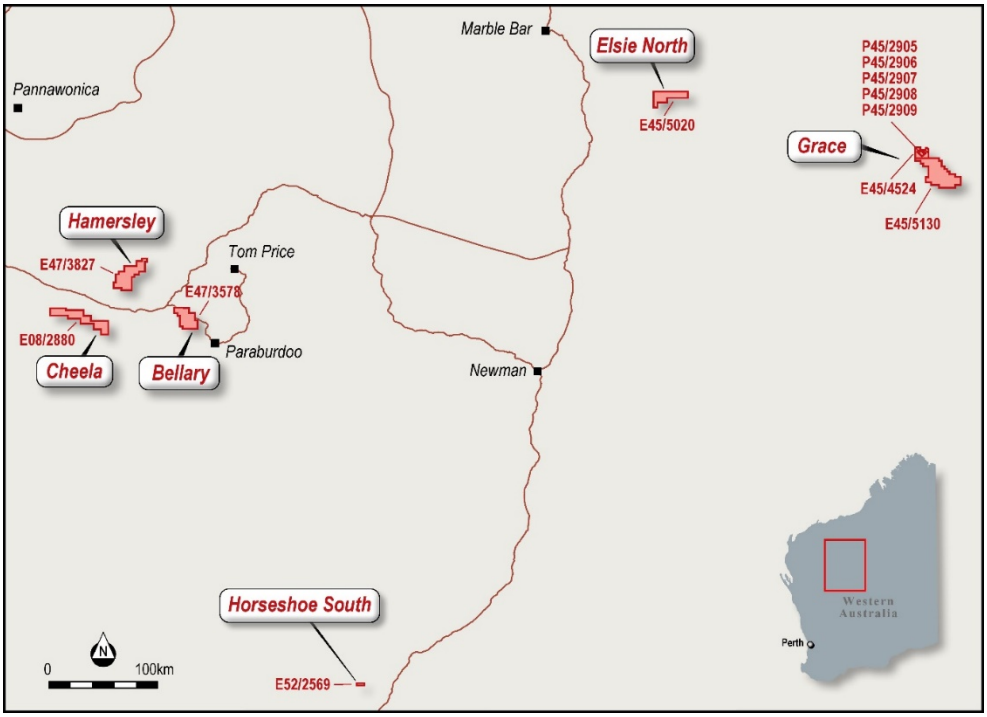


Figure 7: Pilbara assets.

Four conglomerate gold projects

During July-December 2017, the Company acquired four conglomerate gold assets in the Pilbara region - Bellary, Hamersley, Elsie North and the polymetallic Cheela projects (**Figure 8**).

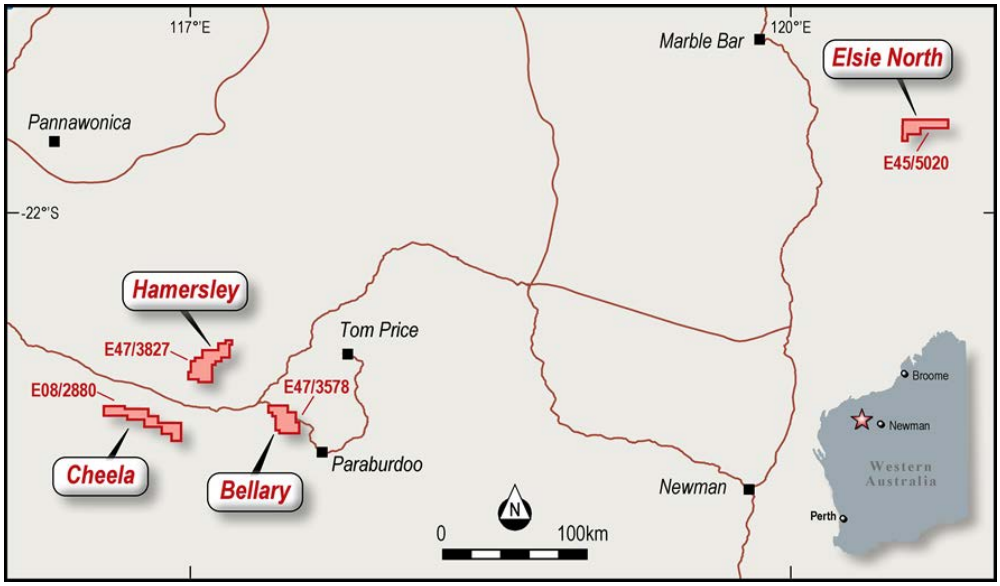


Figure 8: Pilbara conglomerate gold tenements.

The geology team undertook a first pass reconnaissance field exploration program at the Bellary Project (E47/3578) which is 20km west of Paraburdoo. Notably, six gold nuggets were discovered within the Hardey Formation basalt conglomerate via metal detecting over a 50m strike extent (**Figure 9**).

Directors' Report

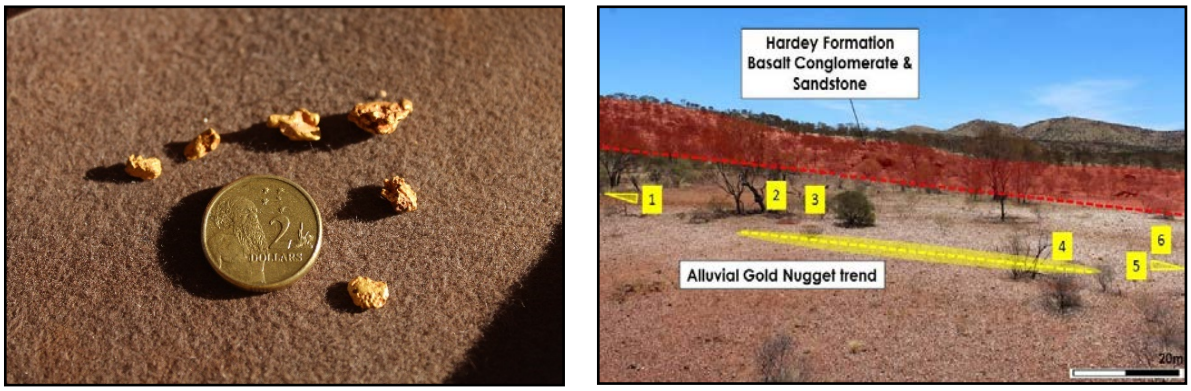


Figure 9: Flat-pitted watermelon seed and coarse gold nuggets which were found at the Bellary project relative to Hardey Formation basalt conglomerate unit.

In addition, rock chip samples from outcropping quartz veins recorded a best result of 3.89% Cu and 0.9g/t Au (**Figure 10**). Further stream sampling across the broader tenement area did not record any anomalous results. A Program of Work (PoW) was approved at the Bellary Project by the Department of Mines, Industry Regulation and Safety (DMIRS) for two trenches at the locality where the six gold nuggets were discovered. Further necessary approvals are required from the respective native title claimant groups prior to the PoW work commencing.

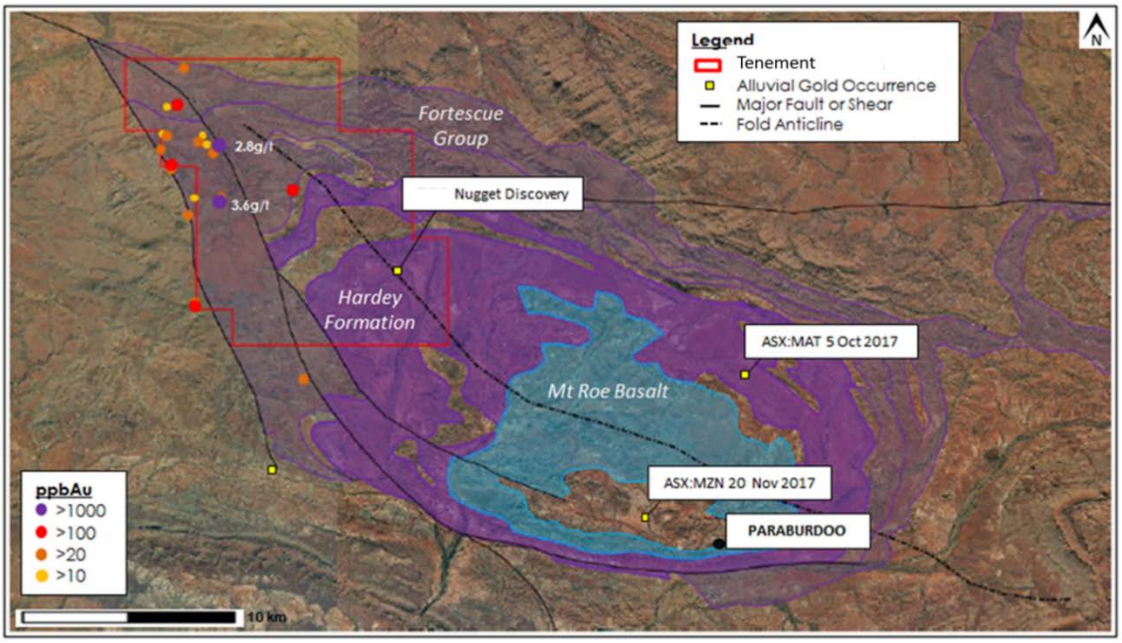


Figure 10: Location of gold nuggets discovered within the Hardey Formation.

Due to adverse weather, no work was undertaken on the projects during the second half of the financial year.

Grace gold project

In December 2017, three applications were lodged over 1,594km² in the Paterson Province that complement the existing Grace gold project. As such, the Company now has 100% ownership over a consolidated 1,651km² land package in the southern region of the Telfer District (**Figure 11**) which it plans to systematically explore.

Directors' Report

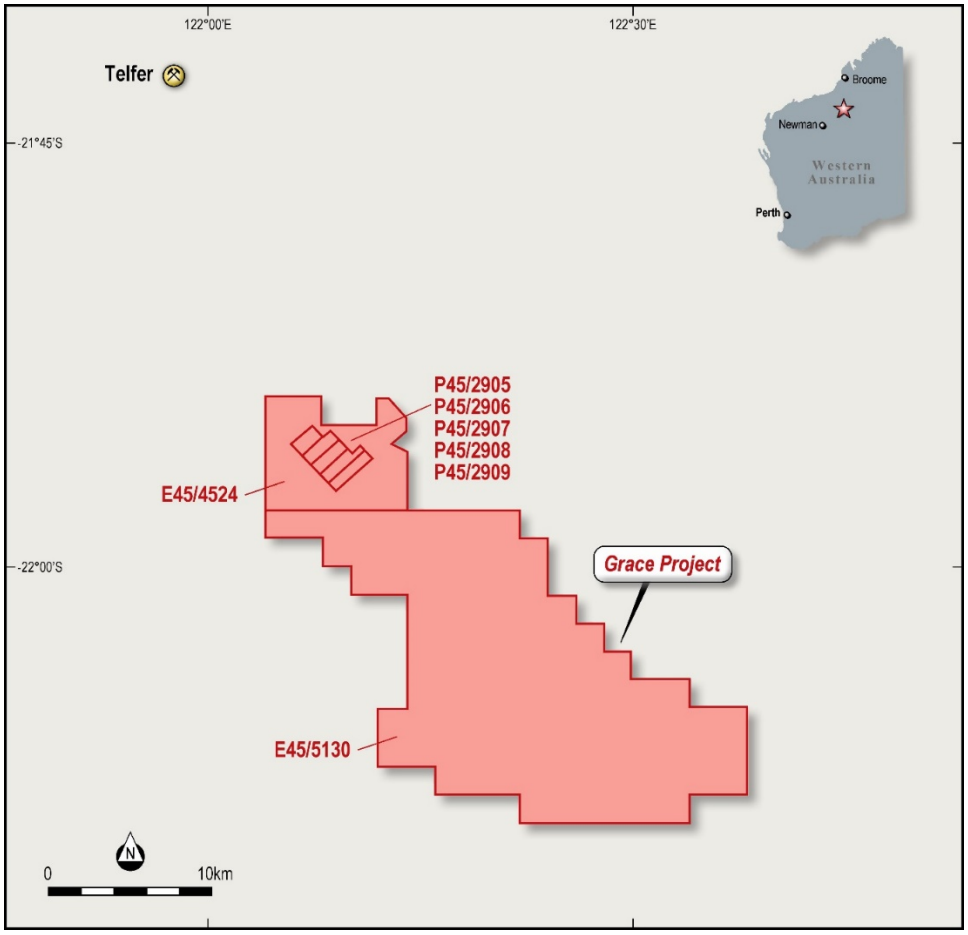


Figure 11: Telfer District tenements identifying major deposits/mines overlayed with regional magnetics image.

The world-class Paterson Province is known to host huge economic gold, copper and uranium deposits such as Newscrest's 32Moz Telfer gold-copper-silver mine, O'Callaghans tungsten-base metal deposit, Metals X's Nifty copper mine and Cameco & Mitsubishi Development's Kintyre uranium deposit.

In January 2018, external consultants prepared a maiden Inferred Mineral Resource at the Grace project which comprised 1.59Mt at a grade of 1.35 g/t Au for 69,000 contained ounces of gold (refer to ASX announcement on 20 February 2018).

The Mineral Resource estimate was carried out on a portion of the mineralised zone at the Grace project (1,140m strike length of a total strike length of 4,130m), with drilling adequately spaced and appropriate techniques (RC and diamond core) used to support the estimate.

The Mineral Resource is open along strike and at depth but does not incorporate the results of a recent review. This study indicated the potential for high grade mineralisation to be controlled by flat lying and NW dipping structures (**Figure 12 & 13**).

Directors' Report

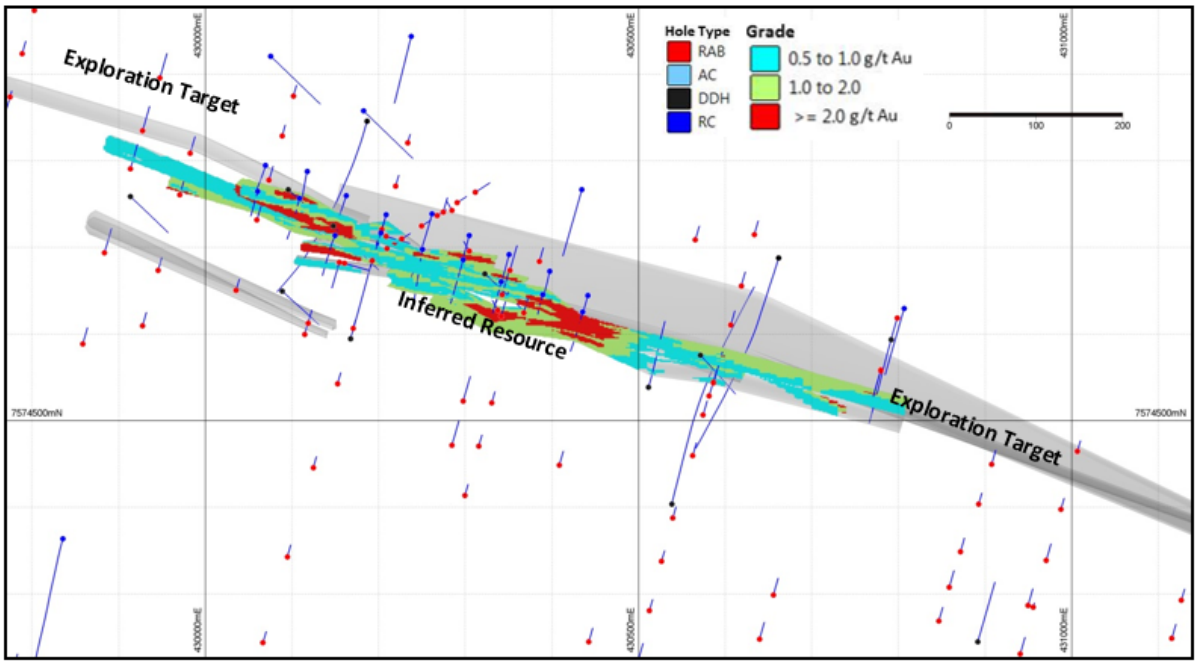


Figure 12: Plan view of the Mineral Resource Estimate at the Grace project**.**

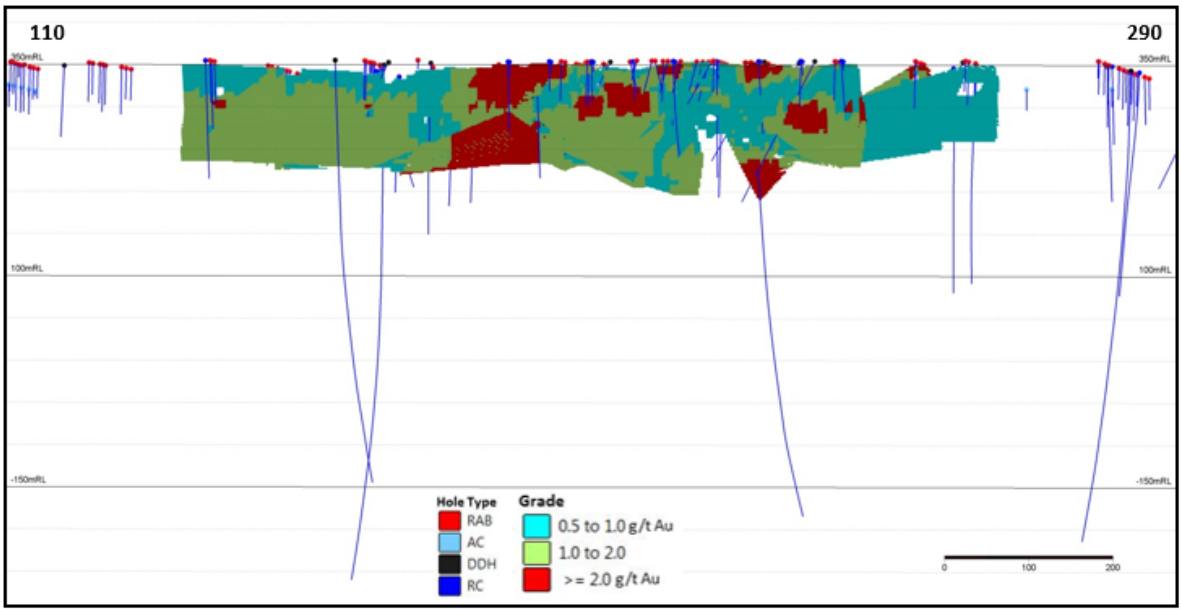


Figure 13: Long section view of the Mineral Resource at the Grace project from the NE.

In addition, an Exploration Target between 2.2 and 2.8 Mt at a grade between 0.9 and 1.3 g/t Au has been defined (**Figure 14**). This corresponds to a potential content of between 64,000 and 117,000 ounces of gold, though the tonnage and grade of the Exploration Target are conceptual. Note, there is insufficient exploration in the area of the Exploration Target to estimate a Mineral Resource and it is uncertain if future exploration will result in the estimation of a Mineral Resource. The Exploration Target is based on mineralisation intersected in both near surface RAB drilling and deep diamond drilling.

The copper mineralisation observed in drilling at the Grace project has not been modelled due to insufficient data spacing. Further drilling is necessary to enable copper-bearing zones to be more accurately correlated with lithological and structural information.

Directors' Report

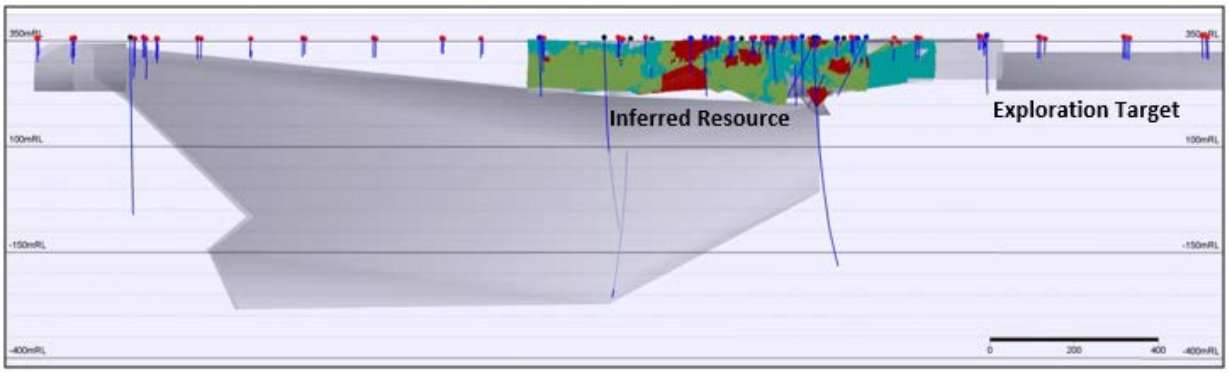


Figure 14: Long section view – Mineral Resource and Exploration Target at Grace project.

The DMIRS has approved a PoW application for 20 drill-holes at the Grace project. However, further necessary approvals are required from the respective native title claimant groups prior to the PoW work commencing. The current exploration program covers geochemical work, geophysical surveys and targets.

Horseshoe South project

No exploration work was carried out on the Horseshoe South project (**Figure 15**), which is a copper-gold volcanogenic massive sulphide style deposit in the Murchison province, Western Australia. However, the Company is in the process of identifying further value accretive options either through discovery or divestment.

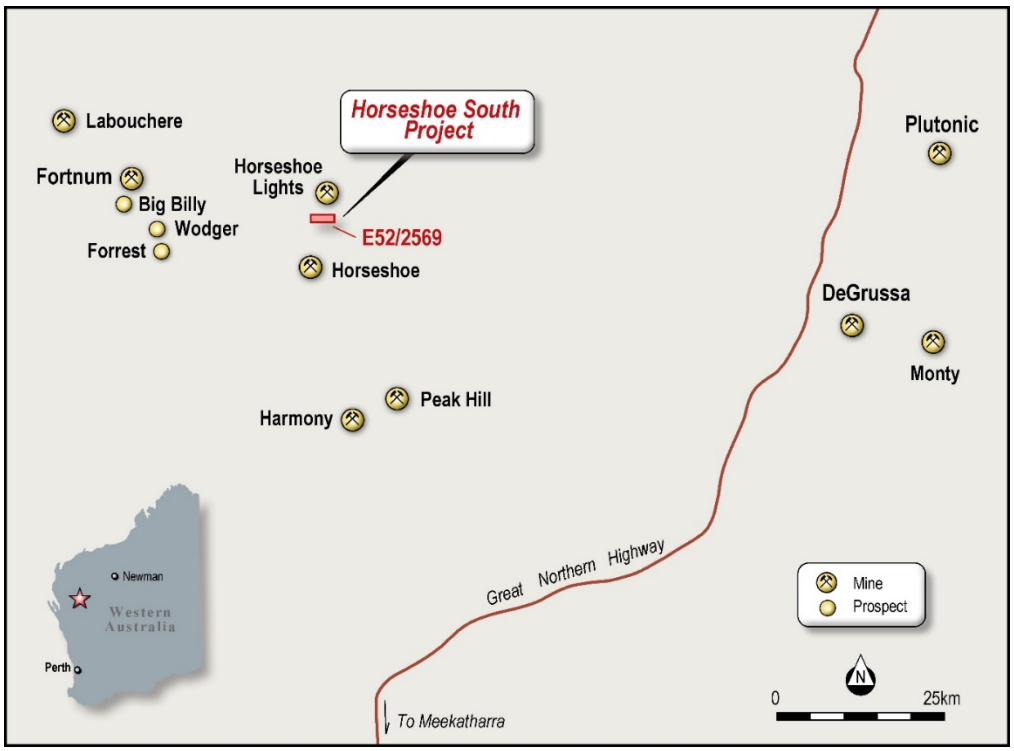


Figure 15: Horsehoe South Project.

ACQUISITIONS SUBSEQUENT TO FINANCIAL YEAR END

Nelly Vanadium Mine, San Luis Province, Argentina

Reflecting a shift in the Board's strategic focus, tailored to capitalise on growing demand from the renewable battery sector, the geology team are now progressing work on Nelly Vanadium Mine (NVM) in San Luis province, Argentina (Figure 16). Subsequent to the period close, on 3 July 2018, the Company was granted a 40-day option to proceed with acquiring NVM (refer Matters Subsequent to the Reporting Period section below for details) which was duly exercised prior to completion on 24 August 2018.

Directors' Report

The due diligence team comprised geology firms Condor Prospecting (Argentina) and Xplore Resources (Australia) that worked collaboratively with global mining & engineering group, SRK Consulting. The teams focused on confirming the veracity of legacy information, particularly metallurgy and mining processes. Further, an NVM site visit materialised to follow up on historic studies that imply there is significant exploration upside for vanadium and other economic mineralisation including lead, zinc, copper, gold and silver.

NVM was actively mined by open-pit and galleries between 1949-57 and produced vanadium pentoxide from an onsite processing facility. Within the 53-hectare project area, there are several vanadium-rich polymetallic sheeted vein systems, aligned North-East to South-West, over a mineralised strike zone that is up to 0.9-1.0Km in length and a vein width of up to 5.5m wide. However, only one vein was partially-exploited which left most of the deposit intact.

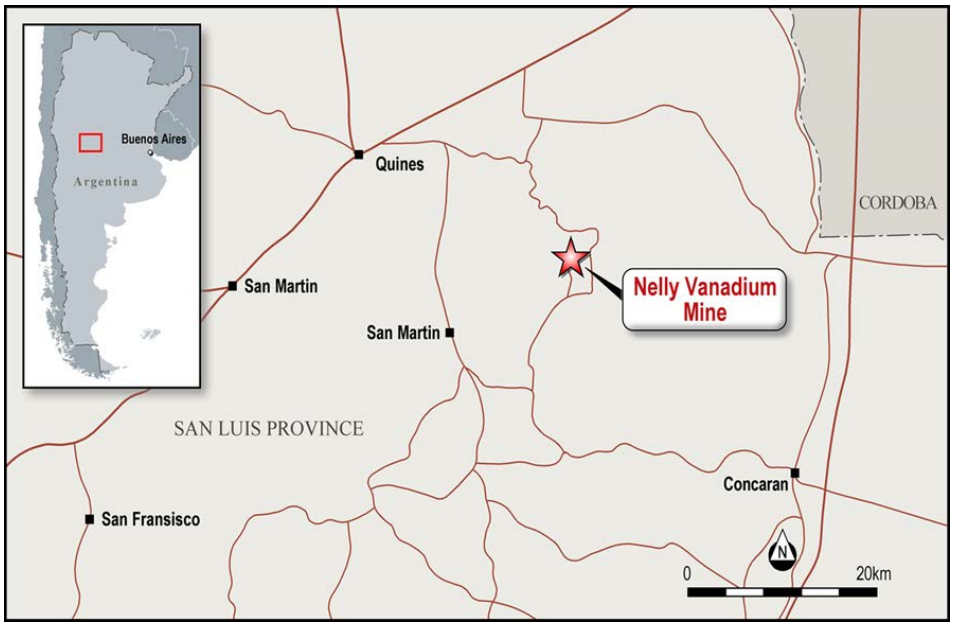


Figure 16: Location of NVM in San Luis, Argentina.

The due diligence teams identified several highly mineralised stockpiles around the historic processing facility and open pit that could readily be utilised as a direct shipping ore vanadium product.

Historical sampling and assay results throughout the historical workings produced grades from the partially mined vein that ranged up to 1.9% V_2O_5 with a sample length weighted grade average of 0.82% V_2O_5 in the open pit and underground workings.

NVM has ready access to mains power and water supplies, while nearby towns can provide supporting services and a skilled labour pool. Further, the transportation infrastructure from the mine to key ports is more than adequate with well-formed gravel tracks, a sealed highway and rail network in place.

The regional geology around NVM, which is located 170km from the capital of San Luis province (Figure 16), generally is dominated by Precambrian to Cambrian metamorphic rocks, with granitic intrusions of variable dimensions. This is a lead-vanadium mining district with many historic mines that documented their Pb-V production. The regional target mineral is vanadinite, a lead chloro-vanadate, that is by weight 73.1% Pb and 10.8% V. At NVM, vanadinite occurs within quartz mineralised veins.

Vanadium Projects – Queensland and the Northern Territory

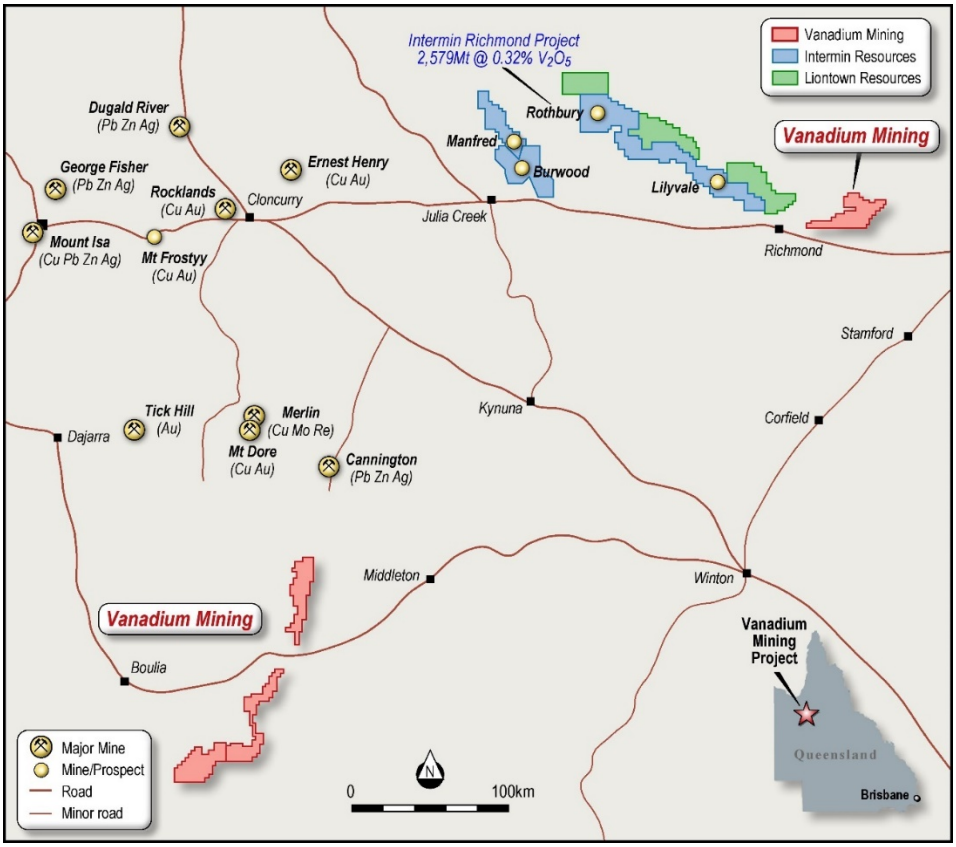
On 19 July 2018, in a strategic move to expand into Australia and complement the Nelly Vanadium Mine transaction, the Company was granted a 40-day option to acquire six highly prospective vanadium projects in Queensland and Northern Territory (refer to Matters Subsequent to the Reporting Period section below for key terms) which was duly exercised prior to completion on 24 August 2018.

Directors' Report

A key feature with these six projects is they are all located in well-known mining districts with supportive infrastructure, ready access to ports and skilled labour pools. Moving forward, the Board intends to place a material emphasis on developing all the vanadium assets to facilitate the Company evolving into an emerging supplier to the renewable energy sector. In particular, the emphasis is on building a strong scalable global platform to meet growing demand for vanadium.

There are four projects in the Mount Isa region of north-western Queensland – Sharptooth, Spike, Cera and Petrie. These projects are located in an area that favours shallow surface mining for large tonnages of low-grade vanadium mineralisation (**Figure 17**).

Notably, these four highly prospective areas are near to IRC's globally significant Richmond project (inferred mineral resource 2,579Mt @ 0.32% V_2O_5 cut-off grade of 0.29% V_2O_5) and ground held by Liontown Resources (ASX: LTR).

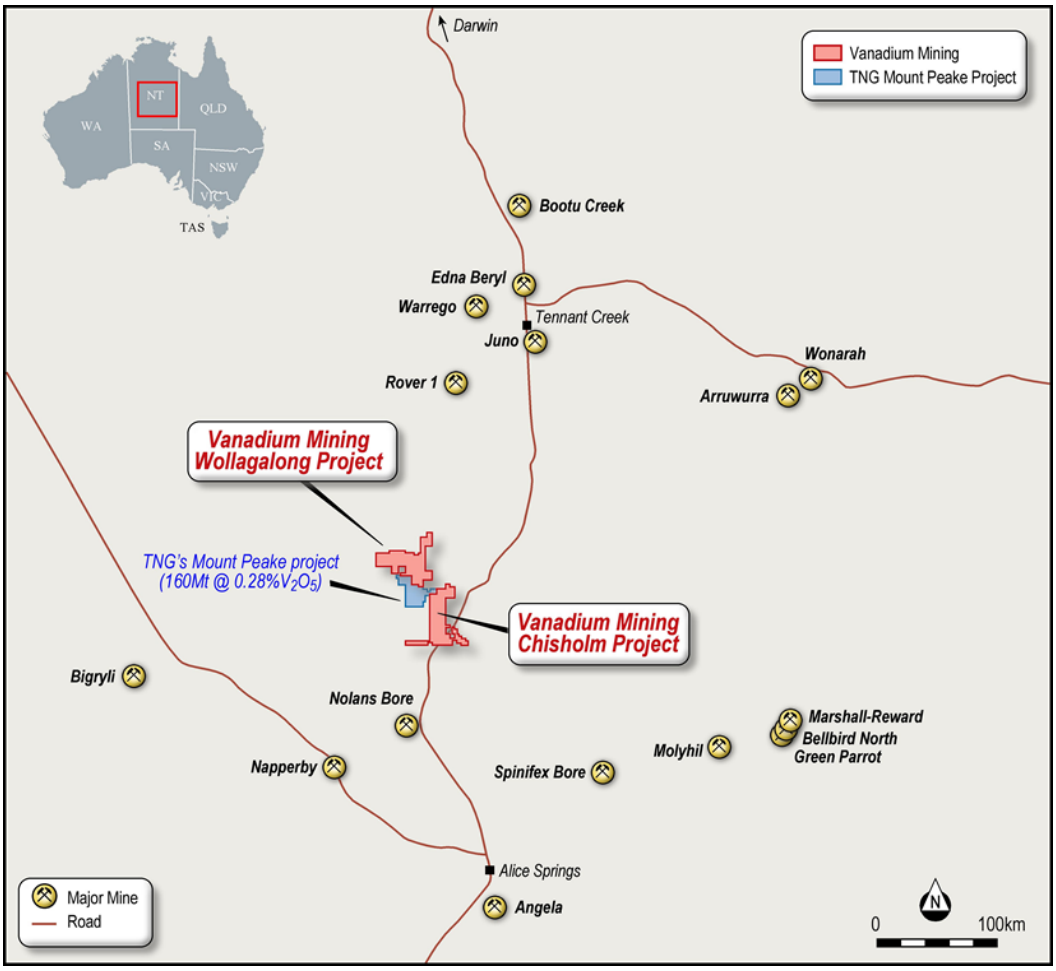


Note: IRC ASX Release 20 March 2018

Figure 17: *Sharptooth, Spike, Cera and Petrie projects.*

The two projects in the Northern Territory – Wollagalong and Chisholm – are contiguous with TNG's Mt Peake project (**Figure 18**), which has a total resource at 160Mt @ 0.28% V_2O_5 cut-off grade of 0.10% V_2O_5. TNG's project is the most advanced in the region as a Definitive Feasibility Study has already been completed, while TNG has also signed a binding life-of-mine offtake and technology transfer agreement with Korea's Woojin Metals.

Directors' Report



Note: TNG ASX Release 20 November 2017

Figure 18: *Wollagalong and Chisholm projects.*

CORPORATE

Name change to Hardey Resources Limited (from Elysium Resources Limited)

On 29 November 2017, as approved at the Annual General Meeting, the Company changed its name to Hardey Resources Limited (from Elysium Resources Limited) following the acquisition of Hardey Resources Pty Ltd (which it acquired on 15 November 2017).

Board Changes

Mr Robin Armstrong – On 19 February 2018, Mr Armstrong was re-appointed to the Board as a Non-Executive Director due to his long association with the Burraga project.

Mr Matthew Bowles – On 26 March 2018, Mr Bowles resigned from the Board as a Non-Executive Director due to the renewed focus on the Burraga project. He was appointed to the Board on 15 November 2017 following the completion of the Pilbara gold assets.

Dr James Ellingford – On 20 April 2018, Dr Ellingford resigned from the Board as a Non-Executive Director, after completing his obligations to assist with the Burraga project and EIS during the handover phase.

Mr Robert McCauley – On 20 April 2018, Mr McCauley was appointed to the Board as a Non-Executive Director due to his extensive corporate finance experience in the mining and O&G sectors.

Directors' Report

Hardey Resources Pty Ltd and Hardey Projects Acquisition

On 24 October 2017, the Company entered into a binding agreement subject to satisfaction of certain conditions precedent, to acquire 100% of the shares in Hardey from its current shareholders ("Acquisition"). The acquisition was completed on 15 November 2017.

Hardey owns gold and base metal projects located in the Pilbara region of Western Australia, being the Bellary, Hamersley, Cheela and Elsie North Projects, covering 512km^2 of Fortescue Group Rocks, as well as the grace Project located in the Paterson Province in Western Australian (together, "the Hardey Projects").

Acquisition Terms

Consideration paid is as follows:

(a) 277,777,777 fully paid ordinary shares;

(b) 111,111,111 performance shares that each convert into one ordinary Share (Performance Shares) upon the announcement to ASX by the Company of upon the announcement to ASX by the Company of delineation of an Inferred Mineral Resource (as defined by The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) of at least 50,000 ounces of gold on the Hardey Projects within three years of their date of issue; and

(c) 138,888,889 options to acquire ordinary Shares with an exercise price of $0.02 and expiry date 30 April 2020.

In addition to the above, HDY agrees:

- to reimburse the shareholders of Hardey for expenditure spent on the assets in the amount of $150,000;
- Tom Langley will be appointed as exploration manager for HDY. He will also have an option to be appointed as a director of the Company at any time in the 12 months following completion of the Acquisition;
- the Hardey shareholders will have a right to nominate one director to the Board of the Company. One existing director of the Company may also resign; and
- following completion of the Acquisition, the Hardey shareholders will also have a right of first refusal, if HDY wishes to sell or transfer any shares in Hardey or sell an interest in any of the Hardey Projects to a third party.

Following the settlement of the acquisition of Hardey Resources Pty Ltd, Mr Matthew Bowles was appointed as a Non-Executive Director of the Company.

Placements and Share Purchase Plans

On 18 July 2017, the Company completed a Placement of 326,000,000 fully paid ordinary shares in HDY at an issue price of $0.01 per share to sophisticated and professional investors. As part of the Placement, participants were issued one free attaching listed option for every two shares subscribed for in the Placement, exercisable at $0.02 each on or before 30 April 2020.

On 14 August 2017, the Company completed a Share Purchase Plan ("SPP") and received valid applications for 12,800,000 shares representing $128,000 in subscriptions under this offer. As part of the SPP, participants were issued one free attaching option, exercisable at $0.02 each on or before 30 April 2020, for every seven shares subscribed for and issued under the SPP.

Directors' Report

In November 2017, the Company completed a Placement of 166,666,665 fully paid ordinary shares in HDY at an issue price of $0.009 per share to sophisticated and professional investors which raised approximately $1.5 million. Participants of the Placement received one free attaching listed option for every one share subscribed for in the Placement, exercisable at $0.02 on or before 30 April 2020. The Placement was completed in two tranches, with the first tranche of 53,000,006 shares issued on 30 October 2017.

On 16 March 2018, the Company announced a placement of 342,500,200 fully paid ordinary shares to sophisticated and professional investors at a price of $0.004 per share to raise circa $1.37 million (before costs). In addition, participants in the placement received one free attaching listed option for every share subscribed for in the placement, exercisable at $0.02 each on or before 30 April 2020. The placement was conducted in two tranches, with the first tranche of 148,747,837 shares issued under the Company's 15% placement capacity under Listing Rule 7.1 on 20 March 2018. Tranche 2 of the placement, comprising of 193,752,363 shares was approved by shareholders at a General Meeting held 30 April 2018. The issue of the Tranche 2 placement shares was completed in May 2018.

Everblu Capital acted as sole lead manager to the placement and was paid a 6% capital raising fee on funds raised in accordance with their mandate.

Financial Performance

The financial results of the Group for the year ended 30 June 2018 are:

	30-June-18 **$**	30-June-17 $
Cash and cash equivalents	**1,936,438**	928,657
Net Assets	**18,544,981**	5,510,005
Revenue	**8,418**	7,590
Net loss after tax	**(3,981,619)**	(2,447,519)

DIVIDENDS

No dividends have been paid or declared by the Group since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, there were no significant changes in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 3 July 2018, the Company announced it had entered into a share sale agreement with the shareholders of Nelly Vanadium Pty Ltd (NPVL). Under the terms of this agreement, the Company was granted a 40-day option to acquire 100% of the issued capital of NVPL which is a mineral explorer that owns the Nelly Vanadium Mine in San Luis Province in Argentina ("NVPL acquisition").

The Company paid NVPL $75,000 in consideration for the grant of an option to acquire 100% of the issued capital in NVPL, exercisable at any time with 40 days following the date of the agreement, during which time the Company will undertake due diligence in relation to NVPL and the NVM.

In addition, on 19 July 2018, the Company entered into a share sale agreement with the major shareholders of Vanadium Mining Pty Ltd (VanMin). Under the terms of this agreement, HDY has been granted a 40-day option to acquire 100% of the issued capital of VanMin, which is a mineral explorer that owns six highly prospective vanadium projects in Queensland and the Northern Territory.

Directors' Report

The Company has paid VanMin $75,000 in consideration for the grant of an option to acquire 100% of the issued capital in VanMin, exercisable at any time within 40 days following the date of the agreement. During this time, HDY will undertake due diligence in relation to VanMin and six projects in Queensland and the Northern Territory.

On 24 August 2018, the Company held an Extraordinary General Meeting where shareholders approved the acquisitions of 100% of the issued capital of NVPL and VanMin. As such, factoring in Board approval and the various conditions precedent to each of these agreements satisfied, the transactions completed. As final consideration payment, the Company issued NVPL and VanMin shareholders the following:

- 737,500,000 (NVPL) & 550,000,000 (VanMin) fully paid ordinary shares; and
- 737,500,000 (NVPL) & 550,000,000 (VanMin) listed options to acquire shares (exercisable on or before 30 April 2020).

As a result of the new share and option issues, the pro forma capital structure for the Company upon completion of both acquisitions is set out below:

	Shares	Options
Current	1,361,815,830	861,810,924[1]
Consideration – Nelly Vanadium P/L	737,500,000	737,500,000[2]
Consideration – Vanadium Mining P/L	550,000,000	550,000,000[2]
Total	**2,649,315,830**	**2,149,310,924**

Notes:

1. The terms of the current options on issue are as follows:
   a. 812,884,346 listed options exercisable at $0.02 on or before 30 April 2020 (ASX: HDYOC);
   b. 45,525,000 options exercisable at $0.06 on or before 19 August 2020; and
   c. 3,401,578 options exercisable at $0.044 on or before 1 October 2020.
2. Consideration options are listed options exercisable at $0.02 on or before 30 April 2020 (ASX: HDYOC).

On 10 September 2018, Hardey requested a voluntary suspension of all the quoted securities of the Company.

Other than the above there has not been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Future Exploration
The Group's main exploration efforts will be focussed on continuing to develop value from exploration across its tenements.

SHARES UNDER OPTION
Unissued ordinary shares of Hardey Resources Limited under option at the date of this report are as follows:

Class	Grant date	Expiry date	Exercise price	Number under option
Unlisted Option	19-8-2016	1-10-2020	$0.044	3,401,578
Unlisted Option	19-8-2016	19-8-2020	$0.06	12,500,000
Unlisted Option	29-9-2016	19-8-2020	$0.06	33,025,000
Listed Option	21-7-2017	30-4-2020	$0.02	163,000,000
Listed Option	25-8-2017	30-4-2020	$0.02	1,828,592
Listed Option	17-11-2017	30-04-2020	$0.02	166,666,665
Listed Option	21-11-2017	30-04-2020	$0.02	138,888,889
Listed Option	07-05-2018	30-04-2020	$0.02	317,043,587
Listed Option	16-05-2018	30-04-2020	$0.02	25,456,613
Listed Option	24-08-2018	30-04-2020	$0.02	1,287,500,000

Directors' Report

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

SHARES ISSUED ON EXERCISE OF OPTION

There were no shares were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Direct held office are:

Director	Number Eligible to Attend	Number Attended
Terence Clee	10	10
Robin Armstrong	10	10
Robert McCauley	9	9
James Ellingford (resigned)	1	1
Matthew Bowles (resigned)	-	-

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2018 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial year were:

Terence Clee	Executive Chairman
Robin Armstrong	Non-Executive Director (resigned 11 December 2017, reappointed 19 February 2018)
Robert McCauley	Non-Executive Director (appointed 20 April 2018)
James Ellingford	Non-Executive Chairman (resigned 20 April 2018)
Matthew Bowles	Non-Executive Director (resigned 26 March 2018)

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

Directors' Report

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

A	Remuneration Philosophy
B	Remuneration Governance, Structure and Approvals
C	Remuneration and Performance
D	Details of Remuneration
E	Service Agreements
F	Share-based Compensation
G	Equity Instruments Issued on Exercise of Remuneration Options
H	Loans with KMP
I	Other Transactions with KMP
J	Additional Information
K	Voting at 2016 Annual General Meeting ("AGM")

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of the Group comprise of the Board of Directors.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ **Executive Remuneration Structure**

The Group's remuneration policy for executive directors is designed to promote superior performance and long-term commitment to the Group. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the Group and its shareholders to do so. The Board's reward policy reflects its obligation to align executives' remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- Reward reflects the competitive market in which the Group operates
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Refer below for details of Executive Directors' remuneration.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONT.)

❖ **Non-Executive Remuneration Structure**

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A$250,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract 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. Refer below for details of all Directors' share and option holdings.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using an appropriate valuation methodology.

The remuneration of Non-Executive is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Group as at 30 June 2018 and 30 June 2017.

	30-Jun-18	30-Jun-17
Revenue ($)	**8,418**	7,590
Net profit/(loss) after tax ($)	**(3,981,619)**	(2,447,519)
EPS (cents)	**(0.49)**	(2.99)
Share price ($)	**0.004**	0.01

Relationship between Remuneration and Company Performance

Given the recent re-compliance of the Company and the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives
c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. The base covers standard business hours and terms. Work performed on weekends, after hours, travel, site visits and special assignments may be charged at hourly rates reviewable by the Board. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONT.)

b) Variable Remuneration – Short -Term Incentives (STI)

Discretionary cash bonuses may be paid to key management personnel annually, subject to the requisite Board and shareholder approvals where applicable.

The bonuses paid to Directors during the year are detailed in Table 1, 'Section D – Details of Remuneration'.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options are issued at the Board's discretion. Other than options disclosed in section D of the Remuneration Report there have been no options issued to employees at the date of this financial report.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of KMP of the Group for the year ended 30 June 2018 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options (v)	
30 June 2018	$	$	$	$	$	$
Directors						
Terence Clee	90,000	-	-	-	2,215	92,215
Robin Armstrong	48,200	-	60,000 (i)	1,634	3,220	113,054
Robert McCauley (ii)	11,500	-	-	1,108	-	12,608
James Ellingford (iii)	50,000	-	-	11,875	-	61,875
Matthew Bowles (iv)	17,419	-	-	1,655	-	19,074
Total	**217,119**	**-**	**60,000**	**16,272**	**5,435**	**298,826**

(i) Mr Armstrong resigned on 11 December 2017. In accordance with his Deed of Release, Mr Armstrong was paid a total of $60,000. Mr Armstrong was reappointed as a Non-Executive Director on 21 February 2018.
(ii) Mr McCauley was appointed as a Non-Executive Director on 20 April 2018.
(iii) Dr Ellingford resigned as a Director on 20 April 2018.
(iv) Mr Bowles was appointed as a Non-Executive Director on 11 December 2017 and resigned on 26 March 2018.
(v) Share-based payments are the options expensed over the vesting period (refer to Note 20 for further details).

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other (iv)	Superannuation	Options (v)	
30 June 2017	$	$	$	$	$	$
Directors						
Terence Clee	70,000	-	45,000	-	1,911	116,911
Robin Armstrong	60,000	-	27,000	-	2,779	89,779
James Ellingford (i)	20,000	-	22,000	3,990	-	45,990
Michael Tilley (ii)	77,848	-	-	-	2,988	80,836
Maxim Carling (iii)	326,667	-	-	-	11,512	338,179
Total	**554,515**	**-**	**94,000**	**3,990**	**19,190**	**671,695**

(i) Dr James Ellingford was appointed as a Non-Executive Director of the Company on 3 March 2017.
(ii) Mr Michael Tilley resigned as Non-Executive Chairman on 3 March 2017.
(iii) Mr Maxim Carling resigned as Managing Director on 3 March 2017.
(iv) During the current financial year, Mr Clee, Mr Armstrong and Dr Ellingford received a once-off sign-on bonus.
(v) Share-based payments are the options expensed over the vesting period (refer to Note 18 for further details).

Directors' Report

REMUNERATION REPORT (AUDITED) (CONT.)

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

	Fixed Remuneration (%)		At Risk – STI (%)		At Risk – LTI (%)	
Name	**2018**	2017	**2018**	2017	**2018**	**2017**
Directors						
Terence Clee	**98%**	60%	**2%**	40%	-	-
Robin Armstrong	**44%**	67%	**56%**	33%	-	-
Robert McCauley	**100%**	-	**-**	-		
James Ellingford	**45%**	52%	**55%**	48%	-	-
Matthew Bowles	**100%**	-	**-**	-		
Michael Tilley	**-**	96%	**-**	4%	-	-
Maxim Carling	**-**	97%	**-**	3%	-	-

Table 3 – Shareholdings of KMP (direct and indirect holdings)

30 June 2018	**Balance at 01/07/2017**	**Granted as Remuneration**	**On Exercise of Options**	**Net Change – Other**	**Balance at 30/06/2018**
Directors					-
Terence Clee	**-**	-	-	**-**	-
Robin Armstrong	5,000	-	-	**-**	5,000
Robert McCauley	**-**	-	-	**-**	-
James Ellingford (resigned)	-	-	-	-	-
Matthew Bowles (resigned)	**-**	-	-	- (i)	-
Total	**5,000**	-	-	**-**	**5,000**

(i) On 6 March 2018, Mr Bowles' Performance Shares were converted to 1,111,111 fully paid ordinary shares. Mr Bowles' shareholdings on the date of his resignation was 1,111,111 shares.

Table 4 – Option holdings of KMP (direct and indirect holdings)

30 June 2018	**Balance at 01/07/2017**	**Granted as Remuneration**	**Exercised**	**Net Change – Other**	**Balance at 30/06/2018**
Directors					
Terence Clee	295,937	-	-	-	295,937
Robin Armstrong	430,300	-	-	-	430,300
Robert McCauley	-	-	-	-	-
James Ellingford	-	-	-	-	-
Matthew Bowles (resigned)	-	-	-	-	-
Total	**726,237**	-	-	-	**726,237**

E Service Agreements

The following service agreements were in place during the year:

- **Terence Clee – Executive Chairman**
  - Contract: Commenced on 9 March 2017
  - Remuneration: $90,000 per annum.
  - Term: No fixed term.

- **Robin Armstrong – Non-Executive Director**
  - Contract: Recommenced on 21 February 2018.
  - Remuneration: $4,000 per month from 21 February to 31 May 2018. From 1 June 2018, $5,000 per month.
  - Term: No fixed term.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONT.)

- **Robert McCauley – Non-Executive Director**
  - Contract: Commenced on 20 April 2018.
  - Remuneration: $60,000 per annum.
  - Term: No fixed term.

- **James Ellingford – Non-Executive Chairman**
  - Contract: Commenced on 9 March 2017. Resigned on 20 April 2018.
  - Remuneration: $60,000 per annum with one off sign on bonus of $22,000.

- **Matthew Bowles – Non-Executive Director**
  - Contract: Commenced on 11 December 2017. Resigned 26 March 2018.
  - Remuneration: $60,000 per annum.

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Options

There were no options issued to Directors during the financial year.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2018.

I Other Transactions with KMP

During the financial year, the Company incurred fees of $39,500 to Mr Terence Clee for additional consulting services provided to the Company. Balance payable at reporting date is nil.

During the financial year, the Company incurred fees of $9,651 to Mr Robin Armstrong for additional consulting services provided to the Company. Balance payable at reporting date is nil.

During the financial year, the Company incurred fees of $15,000 to Mr Matthew Bowles for additional consulting services provided to the Company. Balance payable at reporting date is nil.

During the financial year, the Company paid Dr Ellingford $75,000 for additional consulting services provided to the Company.

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

Directors' Report

REMUNERATION REPORT (AUDITED) (CONT.)

J Additional Information

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

	2018	2017	2016	2015	2014
	$	$	$	$	$
Revenue	**8,418**	7,590	550,464	118,470	60,807
Loss after income tax	**(3,981,619)**	(2,447,519)	(919,406)	(2,982,877)	(1,891,664)
Share Price ($)	**0.004**	0.01	0.2	0.3	0.8
Loss per share (cents)	**(0.49)**	(2.99)	(0.06)	(0.29)	(0.30)
Dividends	**-**	-	-	-	-

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

At the 2017 AGM, 79.24% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices

End of Audited Remuneration Report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of food faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

Directors' Report

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and included within these financial statements.

NON-AUDIT SERVICES

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

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

During the financial year, RSM Australia Partners, the Group's auditor, did not provide any services other than their statutory duties.

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

On behalf of the directors.

Terence Clee
Executive Chairman
28 September 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hardey Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 28 September 2018

TUTU PHONG
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2018

	Note	2018 $	2017 $
Revenue from continuing operations			
Other income	4	**8,418**	7,590
Expenses			
Administrative expenses	5(a)	**(342,146)**	(255,435)
Compliance and regulatory expenses		**(220,486)**	(132,880)
Corporate advisory fees		**(1,326,946)**	(265,000)
Depreciation		**(12,019)**	(15,444)
Employee benefit expenses	5(b)	**(449,471)**	(787,155)
Exclusivity fee		**(155,556)**	-
Fair value of available for sale financial assets		**821**	(1,276)
Legal fees		**(162,683)**	(235,427)
Marketing/Investor Relations		**(336,104)**	(36,455)
Mining consulting fees		**(884,755)**	(560,185)
Occupancy costs		**(68,729)**	(69,925)
Share-based payments expense	20	**(25,457)**	(21,970)
Other expenses		**(6,506)**	(73,957)
Loss from continuing operations before income tax		**(3,981,619)**	(2,447,519)
Income tax expense	6	**-**	-
Loss from continuing operations after income tax		**(3,981,619)**	(2,447,519)
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss attributable to the members of Hardey Resources Limited		**(3,981,619)**	(2,447,519)
Loss per share for the year attributable to the members Hardey Resources Limited:			
Basic loss per share (cents)	7	**(0.49)**	**(2.99)**
Diluted loss per share (cents)	7	**(0.49)**	**(2.99)**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**1,936,438**	928,657
Trade and other receivables	9	**183,342**	73,422
Total current assets		**2,119,780**	1,002,079
Non-current assets			
Property, plant and equipment	10	**43,607**	24,259
Available-for-sale financial assets	11	**1,045**	224
Deferred exploration and evaluation expenditure	12	**16,651,698**	4,795,210
Total non-current assets		**16,696,350**	4,819,693
Total assets		**18,816,130**	5,821,772
LIABILITIES			
Current liabilities			
Trade and other payables	13	**266,110**	311,767
Provisions	14	**5,039**	-
Total current liabilities		**271,149**	311,767
Total liabilities		**271,149**	311,767
Net assets		**18,544,981**	5,510,005
EQUITY			
Contributed equity	15	**26,885,215**	14,382,208
Reserves	16	**5,505,711**	992,123
Accumulated losses		**(13,845,945)**	(9,864,326)
Total equity		**18,544,981**	5,510,005

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2018

	Issued Capital	Option Reserve	Accumulated Losses	Total
	$	$	$	$
At 1 July 2017	**14,382,208**	**992,123**	**(9,864,326)**	**5,510,005**
Loss for the year	-	-	(3,981,619)	(3,981,619)
Total comprehensive loss for the year after tax	**-**	**-**	**(3,981,619)**	**(3,981,619)**
Transactions with owners in their capacity as owners:				
Shares issued during the year	**12,838,195**	-	-	**12,838,195**
Share issue costs	**(335,188)**	-	-	**(335,188)**
Share-based payments	-	**4,513,588**	-	**4,513,588**
At 30 June 2018	**26,885,215**	**5,505,711**	**(13,845,945)**	**18,544,981**
At 1 July 2016	11,663,365	776,423	(7,572,930)	4,866,858
Loss for the year	-	-	(2,447,519)	(2,447,519)
Total comprehensive loss for the year after tax	-	-	(2,447,519)	(2,447,519)
Transactions with owners in their capacity as owners:				
Shares issued during the year	3,671,400	-	-	3,671,749
Share issue costs	(952,557)	-	-	(952,557)
Share-based payments	-	371,823	-	371,823
Options expired during the year	-	(156,123)	156,123	-
At 30 June 2017	14,382,208	992,123	(9,864,326)	5,510,005

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,736,833)	(2,300,921)
Interest received		8,418	7,336
Net cash used in operating activities	8(a)	(2,728,415)	(2,293,585)
Cash flows from investing activities			
Payments for plant and equipment		**(31,447)**	-
Payments for exploration and evaluation expenditure		**(980,168)**	(345,087)
Bonds		**-**	3,630
Net cash used in investing activities		**(1,011,615)**	(341,457)
Cash flows from financing activities			
Proceeds from issue of shares		**5,083,000**	3,159,850
Payment of share issue costs		**(335,189)**	(90,954)
Net cash from financing activities		**4,747,811**	3,068,896
Net increase in cash and cash equivalents		**1,007,781**	433,854
Cash and cash equivalents at the beginning of the year		**928,657**	494,803
Cash and cash equivalents at the end of the year	8	**1,936,438**	928,657

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Hardey Resources Limited (referred to as "Hardey" or the "Company") is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group").

(b) Basis of Preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Hardey Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 28 September 2018.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 25.

New, revised or amended standards and interpretations adopted by the Group

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised, or amending Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity.

New standards and interpretations not yet mandatory or early adopted

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Basis of Preparation (cont.)

Reference and Title	Summary	Application Date of Standard	Impact on Financial Statements
AASB 9 – Financial Instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a simple, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effect for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application.	Annual reporting periods commencing on or after 1 January 2018.	When this standard is first adopted from 1 July 2018, there will be no impact on transactions and balances recognised in the financial statements.
AASB 15 – Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchanged for those goods or services. This means that revenue will be recognised when control of foods or services is transferred, rather than on transfer of risks and rewards as is current the case under IAS 18 *Revenue.*	Annual reporting periods commencing on or after 1 January 2018.	When this standard is first adopted from 1 July 2018, this standard will not significantly impact transactions and balances recognised in the financial statements.
AASB 16 (issued February 2016) Leases	AASB 16 eliminates the operating and finance lease classifications for lessees current accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods commencing on or after 1 January 2019.	When this standard is first adopted from 1 January 2019, there will be minimal impact on transactions and balances recognised in the financial statements.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current year disclosures.

(d) Dividends

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

(e) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hardey Resources Limited ('Company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Hardey Resources Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Principles of Consolidation (cont.)

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(f) Segment Reporting

The Consolidated Entity's sole operations are within the mineral exploration industry within Australia.

The Group has applied AASB 8 Operating Segments. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

Given the nature of the Group, its size and current operations management does not treat any part of the Group as a separate operating segment. Internal financial information used by the Group's decision makers is presented on a "whole of entity" manner without disaggregation to any separately identifiable segments.

The Group managers operate to manage the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly, the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

(g) Revenue Recognition

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

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

Research and development rebates
Government grants and tax rebates are recognised on receipt.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(h) Income Tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

(i) Exploration and evaluation expenditure

Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

Each area of interest is also reviewed annually and acquisition costs written off to the extent that they will not be recoverable in the future.

(j) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(k) Plant and Equipment

Each asset of plant and equipment is carried at cost less where applicable, any accumulated depreciation and impairment losses.

Plant & equipment

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

Depreciation

Items of plant and equipment are depreciated using the straight-line or diminishing value method over their estimated useful lives to the Group. The depreciation rates used for each class of asset for the current period are as follows:

- Computer Equipment 33%
- Plant & Equipment 20-50%
- Motor Vehicles 22.5%

Assets are depreciated from the date the asset is ready for use.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets continual use or subsequent disposal.

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

(l) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(m) Impairment of Assets

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

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

(n) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Group. Trade payables are usually settled within 30 days of recognition.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(o) Employee Benefits

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

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

(p) Share-based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using an appropriate valuation model that considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by using an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(p) Share-based Payments (cont.)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(q) Investments and other Financial Assets

Classification
The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments or other financial assets at initial recognition.

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

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period.

Subsequent Measurement
Available for sale financial assets are subsequently measured at fair value.

(r) Asset Acquisition not constituting a Business

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

(s) Contributed equity

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(t) Earnings Per Share

Basic earnings per share
Basic earnings per share are calculated by dividing:

- The profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjust the figures used in the determination of basic earnings per share to consider:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Goods and Services Tax ("GST")

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

Receivables and payables area stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

(v) Current and Non-Current classification

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

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

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

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

Notes to the Consolidated Financial Statements

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

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

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

Exploration and Evaluation Expenditure
The Board of Directors determines when an area of mineral exploration interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

NOTE 3 SEGMENT INFORMATION

The Group operates in the mineral exploration industry in Australia only.

Given the nature of the Consolidated Entity, its size and current operations, management does not treat any part of the Group as a separate operating segment. Internal financial information used by the Group's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The Group's management operate the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly, the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

NOTE 4 REVENUE

	2018	2017
	$	$
Other income		
Interest received	**8,418**	7,590
	8,418	7,590

Notes to the Consolidated Financial Statements

NOTE 5 EXPENSES	2018 $	2017 $
(a) Administrative expenses		
Accounting, audit and company secretarial fees	**134,415**	164,976
Travel and accommodation expenses	**134,259**	48,077
General and administration expenses	**73,472**	42,382
	342,146	255,435
(b) Employee benefit expenses		
Director fees and bonuses	**277,119**	653,032
Wages and Salaries	**137,393**	120,000
Annual leave expense	**5,039**	-
Superannuation	**29,920**	14,123
	449,471	787,155

NOTE 6 INCOME TAX

(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the profit or loss and other comprehensive income	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	**(3,981,619)**	(2,447,519)
Prima facie tax benefit on loss before income tax at 30% (2017: 27.5%)	**(1,194,486)**	(673,068)
Tax effect of amounts that are not deductible/taxable in calculating taxable income		
Non-deductible expenses	**119,629**	8,396
Tax losses and temporary differences not brought to account	**1,074,857**	664,672
Income Tax Expense	**-**	-
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	**19,694,997**	15,389,383
Unused capital tax losses for which no deferred tax asset has been recognised	**105,579**	105,579
Potential tax benefit at 30% (2017: 27.5%)	**5,940,173**	4,261,115
Unrecognised temporary differences		
Temporary differences for which deferred tax assets/liabilities have not been recognised		
• Provisions, accruals & prepayments	**(13,289)**	(234)
• Exploration assets	**(1,438,613)**	(1,065,683)
• Blackhole expenditure	**419,689**	223,964
	(1,032,214)	(841,952)
Unrecognised deferred tax assets relating to the above tax losses and temporary differences	**4,907,959**	3,419,162

Notes to the Consolidated Financial Statements

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2018	2017
	$	$
Net loss for the year	**(3,981,619)**	(2,447,519)
Weighted average number of ordinary shares for basic and diluted loss per share.	**812,201,958**	81,751,618

Options on issue are not considered dilutive to the earnings per share as the Company is in a loss-making position.

Continuing operations		
- Basic and diluted loss per share (cents)	**(0.49)**	(2.99)

NOTE 8 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**1,916,438**	908,657
Short-term deposits	**20,000**	20,000
	1,936,438	928,657

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

The Group's exposure to interest rate and credit risks is disclosed in Note 18.

(a) Reconciliation of net loss after tax to net cash flows from operations

Loss for the financial year	**(3,981,619)**	(2,447,519)
Adjustments for:		
Depreciation	**12,019**	15,444
Shares issued for services provided	**1,366,306**	-
Share-based payments	**25,457**	21,970
Fair value of financial asset	**821**	1,276
Changes in assets and liabilities		
Trade and other receivables	**(109,920)**	(33,025)
Trade and other payables	**(46,518)**	148,269
Provisions	**5,039**	-
Net cash used in operating activities	**(2,728,415)**	(2,293,585)

NOTE 9 TRADE AND OTHER RECEIVABLES

Goods and services tax ("GST") receivable	**96,141**	44,914
Bonds	**4,441**	6,750
Other receivables	**82,760**	21,758
	183,342	73,422

Notes to the Consolidated Financial Statements

NOTE 9 TRADE AND OTHER RECEIVABLES (CONT.)

(a) Allowance for impairment loss

Other receivables are non-interesting bearing and are generally on terms of 30 days.

NOTE 10 PLANT AND EQUIPMENT

	Motor Vehicles $	Plant & Equipment $	Total $
Year ended 30 June 2018			
Opening net book amount	9,022	15,237	24,259
Additions	19,888	11,479	31,367
Depreciation charge	(3,700)	(8,319)	(12,019)
Closing net book amount	**25,210**	**18,397**	**43,607**
Year ended 30 June 2017			
Opening net book amount	11,670	28,032	39,702
Depreciation charge	(2,648)	(12,795)	(15,443)
Closing net book amount	**9,022**	**15,237**	**24,259**
At 30 June 2018			
Cost	59,888	80,425	140,313
Accumulated depreciation	(34,678)	(62,028)	(96,706)
Net book amount	**25,210**	**18,397**	**43,607**

NOTE 11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 $	2017 $
Shares in listed entities at fair value	**1,045**	224
At the beginning of the year	**224**	1,500
Fair value gain / (loss) from revaluation of financial assets	**821**	(1,276)
At the end of the year	**1,045**	224

Fair value of investments in listed entities is assessed as the bid price on the Australian Securities Exchange at the close of business on the reporting date.

NOTE 12 EXPLORATION AND EVALUATION EXPENDITURE

Carrying amount of exploration and evaluation expenditure	**16,651,698**	4,795,210
At the beginning of the year	**4,795,210**	4,450,124
Exploration and evaluation expenditure incurred	**792,204**	345,086
Hardey Projects acquisition [(i)]	**11,064,284**	-
At the end of the year	**16,651,698**	4,795,210

(i) On 15 November 2017, the Company completed the acquisition of Hardey Resources Pty Ltd. Refer to Note 17 for details.

Notes to the Consolidated Financial Statements

NOTE 12 EXPLORATION AND EVALUATION EXPENDITURE (CONT.)

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

In accordance with Note 1, the Directors write-off exploration expenditure where they assess that the asset is impaired. Exploration expenditure is written off either by a reassessment by the Group that has reduced the interpreted potential of the licence for mineral deposits and, or a joint venture partner has withdrawn from a project.

NOTE 13 TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Trade payables [(i)]	**216,820**	126,341
Accrued expenses	**16,500**	171,613
Other payables	**32,790**	13,813
	266,110	311,767

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

NOTE 14 PROVISIONS

	2018	2017
	$	$
Annual leave provision	**5,039**	-
	5,039	-

NOTE 15 CONTRIBUTED EQUITY

(a) Issued and fully paid

	2018		2017	
	No.	**$**	No.	$
Ordinary shares	**1,361,815,830**	**26,885,215**	110,273,966	14,382,208

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation

		Number	**$**
At 1 July 2016	Opening Balance	2,160,079,658	11,663,365
19 August 2016	Placement [(i)]	62,300,000	149,400
24 August 2016	1 for 25 Consolidation [(ii)]	(2,133,484,396)	-
29 September 2016	Placement [(iii)]	152,200,000	1,522,000
11 October 2016	Placement [(iv)]	85,000,000	850,000
2 November 2016	Placement [(v)]	27,000,000	270,000
16 December 2016	Placement [(vi)]	88,000,000	880,000
28 April 2017	1 for 4 Consolidation	(330,821,296)	-
	Less capital raising costs	-	(952,557)
At 30 June 2017	Closing Balance	**110,273,966**	**14,382,208**

(i) On 19 August 2016, the Company issued 62,300,000 ordinary shares. 37,500,000 shares were issued at 0.2 cents per share and 24,800,000 at 0.3 cents per share.

Notes to the Consolidated Financial Statements

NOTE 15 CONTRIBUTED EQUITY (CONT.)

(ii) On 19 August 2016, the resolution to consolidate the share capital of the Company converting every twenty-five (25) Ordinary Shares into one (1) Ordinary Share was passed by the shareholders of Elysium Resources Limited.

(iii) On 29 September 2016, the Company issued 152,200,000 ordinary shares at an issue price of $0.01 per share.

(iv) On 11 October 2016, the Company issued 85,000,000 ordinary shares at an issue price of $0.01 per share.

(v) On 2 November 2016, the Company issued 27,000,000 shares at $0.01 per share.

(vi) On 16 December 2016, the Company issued 88,000,000 shares at $0.01 per share.

Movement reconciliation		Issue Price	Number	$
At 1 July 2017	Opening Balance		**110,273,966**	**14,382,208**
21 July 2017	Placement	**$ 0.010**	**300,000,000**	**3,000,000**
21 July 2017	Placement - Tranche 2	**$ 0.010**	**26,000,000**	**260,000**
10 August 2017	Share Purchase Plan	**$ 0.010**	**12,800,000**	**128,000**
30 October 2017	Placement - Tranche 1	**$ 0.009**	**53,000,006**	**477,000**
30 October 2017	Exclusivity Fee Shares for Hardey Transaction	**$ 0.014**	**11,111,111**	**155,556**
17 November 2017	Placement - Tranche 2	**$ 0.009**	**113,666,659**	**1,023,000**
21 November 2017	Consideration Shares - Hardey Transaction	**$ 0.023**	**277,777,777**	**6,388,889**
30 November 2017	Shares issued in lieu of cash for marketing and investor relations fees	**$ 0.010**	**3,575,000**	**35,750**
6 March 2018	Conversion of Performance Shares	**-**	**111,111,111**	**-**
20 March 2018	Placement - Tranche 1	**$ 0.004**	**148,747,837**	**594,991**
17 May 2018	Placement - Tranche 2	**$ 0.004**	**168,295,750**	**673,183**
16 May 2018	Placement - Tranche 2	**$ 0.004**	**25,456,613**	**101,826**
	Less capital raising costs	**-**	**-**	**(335,188)**
At 30 June 2018	Closing Balance	**-**	**1,361,815,830**	**26,885,215**

(c) Options on issue as at 30 June 2018

Class	Date of Expiry	Exercise Price	Number Under Option
Unlisted Options	1-Oct-20	$ 0.044	3,401,578
Unlisted Options	19-Aug-20	$ 0.060	45,525,000
Listed Options	30-Apr-20	$ 0.020	812,884,346
			861,810,924

(d) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

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

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

Notes to the Consolidated Financial Statements

NOTE 16 RESERVES

	2018 $	2017 $
Share-based payments	**5,505,711**	992,123
Movement reconciliation		
Balance at the beginning of the year	**992,123**	776,423
Options vested during the year	**25,457**	371,823
Expiry of options	**-**	(156,123)
Performance shares issued during the period [(i)]	**2,555,556**	-
Listed options during the period [(i)]	**1,932,575**	-
Balance at the end of the year	**5,505,711**	992,123

Share-based payment reserve
The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

(i) On 15 November 2017, the Company completed the acquisition of Hardey Resources Pty Ltd. Refer to Note 17 for details.

NOTE 17 ASSET ACQUISITION

On 15 November 2017, the Company completed the acquisition of Hardey Resources Pty Ltd ("Hardey Resources") to have a 100% ownership interest in Hardey Resources and the Hardey Projects. The Hardey Projects are still in the exploration phase and no processes or outputs were acquired. As a result of this, the acquisition was assessed as an asset acquisition rather than a business combination. The total consideration for the acquisition is as follows:

(a) 277,777,777 fully paid ordinary shares in the capital of the Company. On initial recognition, the fair value of the shares issued has been determined by using share price of the Company on completion date (15 November 2017) which was $0.023. The total value being $6,388,888.

(b) 111,111,111 performance shares that each convert into one ordinary Share upon the announcement to ASX by the Company of delineation of an Inferred Mineral Resource of at least 50,000 ounces of gold on the Hardey Projects within three years of their date of issue. On initial recognition, the fair value of the performance shares issued has been determined by using share price on completion date (15 November 2017) which was $0.023. The total value being $2,555,556.

(c) 138,888,889 listed options to acquire ordinary shares with an exercise price of $0.02 and expiry date 30 April 2020. The listed options issued have been valued using the Black-Scholes model. The model and assumptions are shown in the table below.

Black-Scholes Options Pricing Model	
Grant Date	15 November 2017
Vesting Date	Immediately
Strike (Exercise Price)	$0.02
Underlying Share Price (at date of issue)	$0.023
Risk-free Rate (at date of issue)	1.86%
Volatility	100%
Number of Options issued	138,888,556
Dividend Yield	0%
Probability	100%
Value per Option	$0.014
Total value of Options	$1,932,576

In addition to the above, The Company agreed to reimburse the shareholders of Hardey Resources for expenditure spent on the assets in the amount of $150,000.

Notes to the Consolidated Financial Statements

NOTE 17 ASSET ACQUISITION (CONT.)

Summary of purchase consideration	**2018**
	$
277,777,777 fully paid ordinary shares	6,388,888
111,111,111 performance shares	2,555,556
138,888,889 listed options	1,932,576
Cash consideration	150,000
	11,027,020
Net assets acquired are as follows:	
Cash at bank	700
Exploration and evaluation expenditure	11,064,284
Trade and other payables	(37,964)
	11,027,020

NOTE 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	2018	2017
	$	$
Financial Assets		
Cash and cash equivalents	**1,936,438**	928,657
Trade and other receivables	**183,342**	73,422
Available for sale financial assets	**1,045**	224
	2,120,825	1,002,303
Financial Liabilities		
Trade and other payables	**271,149**	311,767
	271,149	311,767

(a) Market risk

(i) Foreign exchange risk

The Group was not significantly exposed to foreign currency risk fluctuations.

Notes to the Consolidated Financial Statements

NOTE 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2018		2017	
	Weighted average interest rate [(i)]	**Balance $**	Weighted average interest rate	Balance $
Cash and cash equivalents	**0.58%**	**1,936,438**	0.54%	928,657

(i) This interest rate represents the average interest rate for the period.

Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Profit higher/(lower)	
Judgements of reasonably possible movements:	**2018 $**	2017 $
+ 1.0% (100 basis points)	**19,364**	6,733
- 1.0% (100 basis points)	**(19,364)**	(6,733)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

Notes to the Consolidated Financial Statements

NOTE 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The following are the contractual maturities of financial liabilities:

	6 months	6-12 months	1-5 years	> 5 years	Total
2018	**$**	**$**	**$**	**$**	**$**
Trade and other payables	**271,149**	**-**	**-**	**-**	**271,149**
2017					
Trade and other payables	311,767	-	-	-	311,767

NOTE 19 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2018	2017
	$	$
Short-term benefits	**277,119**	648,514
Post-employment benefits	**16,272**	3,990
Share-based payments	**5,435**	19,191
	298,826	671,695

(b) Transactions with related parties

During the financial year, the Company incurred fees of $39,500 to Mr Terence Clee for additional consulting services provided to the Company. Balance payable at reporting date is nil.

During the financial year, the Company incurred fees of $9,651 (2017: $44,000) to Mr Robin Armstrong for additional consulting services provided to the Company. Balance payable at reporting date is nil (2017: $4,400).

During the financial year, the Company incurred fees of $15,000 to Mr Matthew Bowles for additional consulting services provided to the Company. Balance payable at reporting date is nil.

During the financial year, the Company paid Dr Ellingford $75,000 (2017: $nil) for additional consulting services provided to the company.

There were no other transactions with KMP during the year ended 30 June 2018. All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 20 SHARE-BASED PAYMENTS

	2018	2017
	$	$
(a) Recognised share-based payment transactions		
Options vested during the year	**25,457**	21,970
Options issued to brokers for capital raising	**-**	349,853
Shares issued in consideration of services [(i)]	**1,210,750**	-
Performance shares issued during the year (Note 17)	**2,555,556**	-
Listed options issued during the year (Note 17)	**1,932,575**	-
Consideration shares issued for Hardey transaction (Note 17)	**6,388,889**	-
Exclusivity fee shares issued for Hardey transaction (Note 17)	**155,556**	-
	12,268,783	371,823

(i) During the year, the Company issued 121,075,000 fully paid ordinary shares at a deemed issue price of $0.01 to Consultants in lieu of cash for consulting, corporate advisory and marketing and investor relations services.

Notes to the Consolidated Financial Statements

NOTE 20 SHARE-BASED PAYMENTS (CONT.)

	2018 $	2017 $
Reconciliation:		
Recognised as share-based payment expenses in Statement of Profit and Loss and Other Comprehensive Income	**1,391,763**	21,970
Recognised as exploration and evaluation expenditure in the Statement of Financial Position	**10,877,020**	-
Recognised as a share issue cost in the Statement of Changes of Equity	**-**	349,853
	12,268,783	371,823

2018:
The options issued for the acquisition of subsidiary have been valued using the Black-Scholes model. The model and assumptions disclosed in Note 17.

2017:
The options issued to the Directors of the Company, have been valued using the Black-Scholes model. The model and assumptions are shown in the table below:

Black-Scholes Model		
	Directors*	**Brokers**
Grant Date	19-08-16	19-08-16
Vesting Date	01-10-20	19-08-20
Strike (Exercise) Price	$0.011	$0.015
Underlying Share Price	$0.010	$0.010
Risk-free Rate	1.46%	1.46%
Volatility	114%	114%
Number of Options Issued (pre-consolidation)	13,606,300	50,000,000
Dividend Yield	0%	0%
Probability	100%	100%
Black-Scholes Valuation	$0.0075	$0.007
Total Fair Value of Options	$101,827	$349,853

*The options will vest upon the issue of the Environmental Statement in respect of the Burraga Project.

(b) Summary of options during the year:

2018

Grant Date	Expiry Date	Exercise Price	Balance at the Start of the Year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the End of the Year
28/05/2014	30/04/2018	$1.40	940,000	-	-	(940,000)	-
19/08/2016	01/10/2020	$0.04	3,401,578	-	-	-	3,401,578
19/08/2016	19/08/2020	$0.06	12,500,000	-	-	-	12,500,000
29/09/2016	19/08/2020	$0.06	33,025,000	-	-	-	33,025,000
21/07/2017*	30/04/2020	$0.02	-	163,000,000	-	-	163,000,000
25/08/2017*	30/04/2020	$0.02	-	1,828,592	-	-	1,828,592
17/11/2017*	30/04/2020	$0.02	-	166,666,665	-	-	166,666,665
21/11/2017	30/04/2020	$0.02	-	138,888,889	-	-	138,888,889
07/05/2018*	30/04/2020	$0.02	-	317,043,587	-	-	317,043,587
16/05/2018*	30/04/2020	$0.02	-	25,456,613	-	-	25,456,613
			49,866,578	**812,884,346**	**-**	**(940,000)**	**861,810,924**
Weighted average exercise price			$0.08	$0.02	-	$1.40	$0.02

* These are free attaching options as part of placement.

Notes to the Consolidated Financial Statements

NOTE 20 SHARE-BASED PAYMENTS (CONT.)

2017

Grant Date	Expiry Date	Exercise Price	Balance at the Start of the Year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the End of the Year
28/05/2014	30/04/2018	$1.40	940,000	-	-	-	940,000
19/08/2016	01/10/2020	$0.04	-	3,401,578	-	-	3,401,578
19/08/2016	19/08/2020	$0.06	-	12,500,000	-	-	12,500,000
29/09/2016*	19/08/2020	$0.06		33,025,000			33,025,000
			940,000	**48,926,578**	**-**	**-**	**49,866,578**
Weighted average exercise price			$1.40	$0.028	-	-	$0.04

* These are free attaching options as part of placement.

NOTE 21 COMMITMENTS

(a) Tenement Commitments

	2018	2017
	$	$
Below are the exploration commitments in relation to the Hardey tenements:		
- not later than one year	**404,642**	188,000
- later than one year and not later than five years	**-**	-
	404,642	188,000

(b) Operating lease commitments

The Group has entered into a rental agreement to occupy the premises in Orange, NSW. Future minimum rent payable under non-cancellable operating leases as at 30 June are as follows:

- not later than one year	**30,800**	46,200
- later than one year and not later than five years	**-**	30,800
	30,800	77,000

NOTE 22 CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2018 (2017: nil).

Notes to the Consolidated Financial Statements

NOTE 23 AUDITOR'S REMUNERATION

	2018 $	2017 $
Amounts received or due and receivable by RSM Australia Partners for:		
Audit of the annual financial report	**33,000**	16,000
Amounts received or due and receivable by HLB Mann Judd for:		
Audit or review of financial report	**-**	11,500
	33,000	27,500

NOTE 24 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership interest	
			2018 %	2016 %
Orange Hills Resources Limited	Exploration	Australia	**100**	100
Burraga Copper Pty Ltd	Exploration	Australia	**100**	100
BC Exploration Pty Ltd	Exploration	Australia	**100**	100
Malang Resources Pty Ltd	Exploration	Australia	**90**	90
ACN 603 462 513 Pty Ltd (formerly known as Hardey Resources Pty Ltd	Exploration	Australia	**100**	-
Old Lloyds Mine Pty Ltd	Exploration	Australia	**100**	100

NOTE 25 PARENT ENTITY

	2018 $	2017 $
Assets		
Current assets	**2,048,440**	955,425
Non-current assets	**16,759,841**	4,738,403
Total assets	**18,808,281**	5,693,828
Liabilities		
Current liabilities	**263,300**	183,823
Total liabilities	**263,300**	183,823
Equity		
Contributed equity	**41,739,034**	29,236,027
Reserves	**5,631,591**	1,118,003
Accumulated losses	**(28,825,644)**	(24,844,025)
Total equity	**18,544,981**	5,510,005
Loss for the year	**(3,981,619)**	(2,191,486)
Total comprehensive loss	**(3,981,619)**	(2,191,486)

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

Notes to the Consolidated Financial Statements

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2018 and 30 June 2017.

Exploration commitments
The parent entity had exploration commitments as disclosed in Note 21.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

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

NOTE 26 EVENTS AFTER THE REPORTING DATE

On 3 July 2018, the Company announced it entered into a share sale agreement with the shareholders of Nelly Vanadium Pty Ltd ("Nelly Vanadium"). Under the terms of this agreement, Hardey has been granted a 40-day option to acquire 100% of the issued capital of Nelly Vanadium which is a mineral explorer that owns the Nelly Vanadium Mine in San Luis Province in Argentina.

On 19 July 2018, the Company entered into a share sale agreement with the major shareholders of Vanadium Mining Pty Ltd ("VanMin"). Under the terms of this agreement, Hardey has been granted a 40-day option to acquire 100% of the issued capital of VanMin, which is a mineral explorer that owns six highly prospective vanadium projects in Queensland and the Northern Territory.

Shareholders approved the acquisition of 100% of the issued capital of Nelly Vanadium Pty Ltd and Vanadium Mining Pty Ltd at the Extraordinary General Meeting held on 24 August 2018.

On 24 August 2018, the Company issued 1,287,500,000 fully paid ordinary shares with a deemed issued price of $0.004 per share and 1,287,500,000 listed options exercisable at $0.02, expiring on 30 April 2020. The shares and listed options were issued as consideration for the acquisition of Nelly Vanadium Pty Ltd and Vanadium Mining Pty Ltd and detailed in the Notice of Meeting lodged with ASX on 25 July 2018.

On 10 September 2018, Hardey requested a voluntary suspension of all the quoted securities of the Company.

Other than the above there has not been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
   i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.

b) The financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1(b) to the financial statements.

c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Terence Clee
Executive Director

28 September 2018

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARDEY RESOURCES LIMITED

Opinion

We have audited the financial report of Hardey Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, 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:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

RSM

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Acquisition of subsidiary Refer to Note 17 in the financial statements	
During the year, the Group acquired 100% interest of Hardey Resources Pty Ltd for the purchase consideration of $11,027,020. The accounting for this acquisition is considered to be a key audit matter because it involved the exercise of judgment in relation to: • Determining whether the transaction is a business combination or an asset acquisition, based on whether the definition of a business in AASB 3 *Business Combinations* was met; • Determining the fair value of the consideration paid; and • Determining the acquisition date.	Our audit procedures in relation to the acquisition of Hardey Resources Pty Ltd included: • Reviewing the Binding Heads of Agreement to understand the transaction and the related accounting considerations; • Evaluating management's determination that the acquisition did not meet the definition of a business within AASB 3 *Business Combinations* and therefore was an asset acquisition as opposed to a business combination; • Evaluating the assumptions and methodology in management's determination of the fair value assets and liabilities acquired; • Assessing management's determination of the fair value of the consideration paid, in particular, the likelihood of the milestones relating to the achievement of an Inferred Mineral Resource being met for performance share issued; and • Assessing the appropriateness of the disclosures in the financial report in respect of the acquisition.
Carrying Value of Exploration and Evaluation Expenditure Refer to Note 12 in the financial statements	
The Group has capitalised a significant amount of exploration and evaluation expenditure with a carrying value of $16,651,698 as at 30 June 2018. We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including: • Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present; and • Assessing whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be determined.	Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included: • Obtaining evidence that the Group has valid rights to explore in the specific area of interest; • Reviewing and enquiring with management the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exists; • Enquiring with management and reviewing budgets and plans to test that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific area of interest; and • Critically assessing and evaluating management's assessment that no indicators of impairment existed at the reporting date in relation to the activities in the specific area of interest.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Hardey Resources Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 28 September 2018

TUTU PHONG
Partner

Corporate Governance Statement

The Board of Directors of Hardey Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rdEdition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at www.hardeyresources.com.au.

PRINCIPLES AND RECOMMENDATIONS	
1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
1.1	*A listed entity should disclose:* *(a) the respective roles and responsibilities of its board and management; and* *(b) those matters expressly reserved to the board and those delegated to management.* The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals, monitoring systems of risk management and internal control, codes of conduct and legal compliance. The Company does not currently employ a Managing Director. The Board is of the view that the Company is not of sufficient size, nor are its operations of such complexity to require a Managing Director at the present time. The Company may appoint a Managing Director at some stage in the future and following this, the responsibility for the operation and administration of the Company will be delegated by the Board to the Managing Director and management team. The Board will ensure that both the Managing Director and the management team are appropriately qualified and experienced to discharge their responsibilities and have procedures in place to monitor and assess their performance. The management team (if appointed) will be responsible for supporting and assisting the Managing Director to conduct the general operations and financial business of the Company in accordance with the delegated authority of the Board and to progress the strategic direction provided by the Board.
1.2	*A listed entity should:* *(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and* *(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.* The Company is currently not of a relevant size that justifies the formation of a separate Remuneration and Nomination Committee. Matters typically dealt with by such a Committee are dealt with by the Board of Directors. The Company undertakes appropriate checks before appointing a new director or executive. These checks include checks about the person's character, experience, education and any criminal record or bankruptcy record. The Company provides all the material information to security holders to assist in their decision to elect or re-elect a director. The information provided includes: • biographical details; including relevant qualifications and skills; • details of any other directorships; • any material adverse information revealed by background checks; • positions or interest that might impact independent judgement; and

	• term of the office current served by the director.
1.3	*Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.* All directors and senior executives are appointed through a written agreement that sets out their duties, rights and responsibilities.
1.4	*The company secretary of a listed entity should be accountable to the board, through the chair, on all matters to do with the proper functioning of the board.* The Company Secretary, Ms Sarah Smith, is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
1.5	*A listed entity should:* (a)*Have a diversity policy in place which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;* (b)*Disclose that policy or a summary of it; and* (c)*Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:* *(1)The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes; or* *(2)If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators," as defined in and published under that Act.* The Company has adopted a diversity policy which can be viewed on its website. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits arising from employee and board diversity. The Diversity Policy outlines the requirements for the Board to develop objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. To assist in fostering diversity, the policy includes the requirement for the Company to take diversity of background into account (in addition to candidates' skills and experience in a variety of the specified fields) when selecting new Directors, senior management and employees. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements and achieving these objectives in the future as director and senior executive positions become vacant and appropriately qualified candidates become available. Other than as described above, the Company has not yet set measurable objectives for achieving gender diversity. The Company is currently not of a size that justifies the establishment of measurable diversity objectives. As the Company develops, the Board will seek to develop a reporting framework in the future to report the Company's progress against the objectives and strategies for achieving a diverse workplace which can be used as a guide to be used by the Company to identify new Directors, senior executives and employees. An executive office holding below the Board level, this being the position of Company Secretary, is held by a female contractor to the Company. Full details of the Company's Diversity Policy can be found on the Corporate Governance page of the Company's website.
1.6	*A listed entity should:* *(a)Have and disclose a process for periodically evaluating the performance of the board, its committees, and individual Directors; and* *(b)Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

1.7	*A listed entity should:* *(a)Have and disclose a process for periodically evaluating the performance its senior executives and* *(b)Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.* The Board has developed an informal process for performance evaluation whereby the performance of all Directors is reviewed regularly by the Chair. The Board as a whole may then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board as a whole. The Chair of the Board may also meet individually with each Board member to discuss their performance. Non-executive Directors may also meet to discuss the performance of the Chair or the Managing Director, where relevant. Directors whose performance is consistently unsatisfactory may be asked to retire. Due to the changes to the Board during the period, no formal performance evaluations for the Board, its directors or senior executive, was undertaken during the reporting period. Going forward, however, it is the Company's intention that all Directors will receive annual individual performance evaluations in accordance with the Board Charter and Evaluation Policy.
2 – STRUCTURE THE BAORD TO ADD VALUE	
2.1	*The board of a listed entity should:* *(a) Have a nomination committee which:* *(1) Has at least three members, a majority of whom are independent Directors; and* *(2) Is chaired by an independent director,* *and disclose:* *(3) The charter of the committee;* *(4) The members of the committee; and* *(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or* *(b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.* The Board is currently not of a relevant size that justifies the formation of a separate Nomination Committee. Matters typically dealt with by such a committee detailed in a separate charter which describes its role, composition, functions and responsibilities, are dealt with by the Board of Directors. A copy of the charter is set out on the Company website. The Board oversees the appointment and induction process for Directors and the selection, appointment and succession planning process of the Company's Managing Director, where relevant. When a vacancy exists or there is a need for a particular skill, the Board, determines the selection criteria that will be applied. The Board will then identify suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates. Directors are initially appointed by the Board and must stand for re-election at the Company's next Annual General Meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years with the exception of the Managing Director.
2.2	*A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.* Given the current size and stage of development of the Company the Board has not yet established a formal board skills matrix. Gaps in the collective skills of the Board are regularly reviewed by the Board as a whole, with the Board proposing candidates for directorships having regard to the desired skills and experience required by the Company as well as the proposed candidates' diversity of background.
2.3	*A listed entity should disclose:* *(a)The names of the Directors considered by the board to be Independent Directors;* *(b)If a Director has an interest, position, association or relationship that might cause doubts about their independence as a director but the board is of the opinion that their independence isn't compromised, the nature of the interest, position, association or relationship in question and an explanation of why the board*

	is of that opinion; and *(c)The length of service of each Director.* The Board has considered the guidance to Principle 2 and in particular the relationships affecting independent status. In its assessment of independence, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when evaluating independence are whether a Director: • is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; • is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board; • has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided; • is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or • has a material contractual relationship with the Company or another Company member other than as a Director. The following Directors are currently considered by the Board to be independent: - Mr Robert McCauley (5 months of service); and - Mr Robin Armstrong (7 months of service) (Note: Mr Armstrong was originally appointed to the Board on 18 May 2016 and stepped down on 11 December 2017. He was re-appointed to the Board on 19 February 2018).
2.4	*A majority of the board of a listed entity should be Independent Directors.* The Board comprises of a majority of independent directors. There are currently 3 directors on the Board, all 2 of which are considered independent being Mr Rob McCauley and Mr Robin Armstrong.
2.5	*The chair of the board of a listed entity should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.* The Chairman of Hardey is Mr Terence Clee. Mr Clee is not an independent director. The Company intends to seek out and appoint an independent chairman in the future as operations expand; however, the Company believes that the current Board structure is best suited to enable the Company to deliver shareholder value.
2.6	*A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.* The Board is responsible for conducting new Director inductions. The process for this is outlined in 2.1 above. Professional development opportunities are considered on an individual Director basis, with opportunities provided to individual Directors where appropriate. The Board may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman.
3 – ACT ETHICALLY AND RESPONSIBLY	
3.1	*A listed entity should:* *(a) Have a code of conduct for its Directors, senior executives and employees; and* (b) *Disclose that code or a summary of it.* The Company recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are

	expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company has established a Code of Conduct which can be viewed on its website. Unethical practices, including fraud, legal and regulatory breaches and policy breaches are required to be reported on a timely basis to management.
4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING	
4.1	*The board of a listed entity should:* *(a) Have an audit committee which:* *(1) Has at least three members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors; and* *(2)Is chaired by an Independent Director, who is not the chair of the board,* *and disclose:* *(3)The charter of the committee;* *(4)The relevant qualifications and experience of the members of the committee; and* *(5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.* The Directors do not view that the size of the Company warrants a separate Audit Committee. All matters that might properly be dealt with by the Audit & Risk Committee are dealt with by the full Board. The Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors for the sole purpose of satisfying this recommendation as it would be cost prohibitive and counterproductive. As the operations of the Company develop, the Board will reassess the formation of an Audit Committee. The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter, which discloses its specific responsibilities, and processes for safeguarding the integrity of its corporate reporting. The Charter for this committee is disclosed on the Company's website.
4.2	*The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.* A written declaration has been provided by the Executive Director in accordance with Section 295A of the Corporations Act to the Board in regard to the preparation of financial reports. The declaration confirms that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which operating effectively.
4.3	*A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer any questions from security holders relevant to the audit.* The Company's external auditor is invited to, and attends, the Company's Annual General Meeting. The auditor's presence is made known as the meeting and shareholders are provided with an opportunity to ask questions of them in relation to the accounts of the Company and the performance and findings of the audit.
5 – MAKE TIMELY AND BALANCED DISCLOSURE	
5.1	*A listed entity should:* *(a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and* *(b) Disclose that policy or a summary of it.*

	The Company has established policies and procedures to ensure timely disclosure of all material matters and ensure that investors have access to information on financial performance. This ensures the Company is compliant with the information disclosure requirements under the ASX Listing Rules. The policies and procedures include a Continuous Disclosure Policy that includes identification of matters that may have a material impact on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Company's website and issuing media releases. Matters involving potential market sensitive information must first be reported to the Managing Director (or in the absence of a Managing Director, the Chair) either directly or via the Company Secretary. The Managing Director/Chair will advise the Board if the issue is important enough and if necessary seek external advice. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Company to comply with the Information Disclosure requirements of the ASX. Once the appropriate course of action has been agreed upon, either the Managing Director/Chair or Company Secretary will disclose the information to the relevant authorities, being the only authorised officers of the Company who are able to disclose such information. Board approval is required for market sensitive information such as financial results and material transactions. A copy of the Continuous Disclosure Policy is available on the Company's website The Board receives regular reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at Board meetings.
6 – RESPECT THE RIGHTS OF SECURITY HOLDERS	
6.1	*A listed entity should provide information about itself and its governance to investors via its website.* In line with adherence to the continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Half Yearly Report, the Company website and the distributions of specific releases covering major transactions and events or other price sensitive information. The Company values its relationship with shareholders and understands the importance of communication with them in accordance with the requirements of the ASX. To keep shareholders informed, the Company maintains a website at www.hardeyresources.com.au.
6.2	*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.* The Company has formulated a Security Holder Communication Policy which can be viewed on the Company's website.
6.3	*A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.* The Company's Security Holder Communication Policy addresses security holder attendance at Security Holder Meetings.
6.4	*A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.* The Company encourages the use of electronic communication and offers Security Holders the option to receive and send electronic communication to the Company and its share registry where possible.
7 – RECOGNISE AND MANAGE RISK	
7.1	*The board of a listed entity should:* *(a) Have a committee or committees to oversee risk, each of which:* *(1)Has at least three members, a majority of whom are Independent Directors; and* *(2)Is chaired by an Independent Director;* *and disclose:* *(3) The charter of the committee;* *(4) The members of the committee; and*

	(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or *(b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.* The Directors do not view that the size of the Company warrants a separate Risk Committee. All matters that might properly be dealt with by the Risk Committee are dealt with by the full Board. The Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors for the sole purpose of satisfying this recommendation as it would be cost prohibitive and counterproductive. The Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems. Major risk categories reported include operational risk, environmental risk, sustainability, statutory reporting and compliance, financial risks (including financial reporting, treasury, information technology and taxation), and market related risks. The Company's Corporate Governance Plan includes a Risk Management Policy. This can be viewed on the Company website.
7.2	*(a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and* *(b) Disclose, in relation to each reporting period, whether such a review has taken place.* The Boards responsible for reviewing the Company's risk management framework. Risk framework reviews may occur more or less frequently than annually as necessitated by changes in the Company and its operating environment. A risk framework review has not taken place during the financial year ended 30 June 2018. The Directors are of the view that the current size of the Company and scale of operations does not warrant a formal risk framework review. A risk framework review is expected to be performed during the Company's financial year ending 30 June 2019 should the Company's operations and activities justify this.
7.3	*A listed entity should disclose:* *(a)If it has an internal audit function, how the function is structured and what role it performs; or* *(b)If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk and internal control processes.* Given the Company's size and current stage of development it does not have an internal audit function. As set out in Recommendation 7.1, the Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.
7.4	*A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.* The Audit and Risk Committee Charter requires the Audit and Risk Committee (or in its absence the Board) to assist management to determine whether the Company has any material exposure to economic, environmental and social sustainability risks, and, if it does, how it manages or intends to manage those risks. The Company discloses this information in its Annual Report.
8 – REMUNERATE FAIR AND RESPONSIBLY	
8.1	*The board of a listed entity should:*

	(a) Have a remuneration committee which: *(1) Has at least three members, a majority of whom are Independent Directors; and* *(2) Is chaired by an Independent Director;* *and disclose:* *(3) The charter of the committee;* *(4) The members of the committee; and* *(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or* *(b)If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.* As previously stated in Principle 2, the Board is currently not of a relevant size that justifies the formation of a separate Remuneration & Nomination Committee. Matters typically dealt with by such a committee detailed in a separate charter including the processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive, are dealt with by the Board of Directors. A copy of the charter is set out on the Company website.
8.2	*A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other senior executives.* The Company's policies and practices regarding the remuneration of executive and Non-Executive Directors and other senior executives are disclosed in the Company's Annual Report.
8.3	*A listed entity which has an equity-based compensation remuneration scheme should:* (a)*Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and* (b)*Disclose that policy or a summary of it.* The Company has no equity based compensation schemes.

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 25 September 2018.

TWENTY LARGEST SHAREHOLDERS

Rank	Shareholder	Number Held	Percentage
1	PACIFIC CONTINENTAL HOLDINGS PTY LTD <THE PACIFIC CONTINENTAL A/C>	231,000,000	8.72
2	STRAT PLAN PTY LTD <DISC-STRAT PLAN A/C>	155,119,000	5.86
3	PACIFIC CONTINENTAL HOLDINGS PTY LTD	148,091,250	5.59
4	BBD CUSTODIANS PTY LTD <THE BBD A/C>	104,645,897	3.95
5	RED MARLIN PTY LTD <RED MARLIN A/C>	104,645,897	3.95
6	CONDOR PROSPECTING PTY LTD	94,165,794	3.55
7	MR DAVID VIGOLO <VIGOLO FAMILY A/C>	40,000,000	1.51
8	JAMBER INVESTMENTS PTY LTD <THE AMBER SCHWARZ FAM A/C>	30,000,000	1.13
9	MR LANCE HUBBARD	27,500,000	1.04
10	JD SQUARED INVESTMENTS PTY LTD <JD SQUARED INVESTMENTS A/C>	27,259,450	1.03
11	VASSAGO PTY LTD <ASTON A/C>	25,666,081	0.97
12	FIRST INVESTMENT PARTNERS PTY LTD	25,000,000	0.94
13	KINGSLANE PTY LTD	25,000,000	0.94
14	EUTHENIA TYCHE PTY LTD	21,620,000	0.82
15	EASY CONNECT GROUP PTY LTD	20,000,000	0.75
16	MOVERLY SUPERANNUATION PTY LTD <MOVERLY SUPER FUND A/C>	20,000,000	0.75
17	MARGADH STOC PTY LTD	16,180,000	0.61
18	MS ZUOJIA DU	15,000,000	0.57
19	YL INVESTMENT PTY LTD <YLLC AU FAMILY A/C>	15,000,000	0.57
20	ANGLO MENDA PTY LTD	13,972,444	0.53
Total: Top 20 holders of ORDINARY FULLY PAID SHARES		**1,159,865,813**	**43.78**

LARGEST LISTED OPTIONHOLDERS

	Name	Number Held	Percentage
1	PACIFIC CONTINENTAL HOLDINGS PTY LTD	310,091,250	14.76
2	PACIFIC CONTINENTAL HOLDINGS PTY LTD <THE PACIFIC CONTINENTAL A/C>	177,630,449	8.46
3	STRAT PLAN PTY LTD <DISC-STRAT PLAN A/C>	155,119,000	7.39
4	ANGLO MENDA PTY LTD	150,100,000	7.15
5	BBD CUSTODIANS PTY LTD <THE BBD A/C>	117,145,897	5.58
6	RED MARLIN PTY LTD <RED MARLIN A/C>	117,145,897	5.58
7	CONDOR PROSPECTING PTY LTD	94,165,794	4.48
8	KINGSLANE PTY LTD	45,000,000	2.14
9	SUBURBAN HOLDINGS PTY LTD <THE SUBURBAN SUPER FUND A/C>	33,750,000	1.61
10	MR KAM WONG	29,966,032	1.43
11	MR LANCE HUBBARD	27,500,000	1.31
12	MR SHANE ANTHONY MATCHETT + MRS MELITA ANGELA MATCHETT <SA MA MATCHETT S/F A/C>	26,600,000	1.27
13	JD SQUARED INVESTMENTS PTY LTD <JD SQUARED INVESTMENTS A/C>	25,666,081	1.22
14	VASSAGO PTY LTD <ASTON A/C>	25,666,081	1.22
15	GAZUMP RESOURCES PTY LTD	21,500,000	1.02
16	MR OON TIAN YEOH + MRS ELZBIETA HELENA YEOH	20,500,000	0.98
17	MR ALBERT WIJEWEERA	17,771,428	0.85
18	D SUPER PTY LTD <BHK SUPERFUND A/C>	16,000,000	0.76
19	GOFFACAN PTY LTD	15,000,000	0.71
20	HORATIO STREET PTY LTD <THE HORATIO FAMILY A/C>	15,000,000	0.71
Total: Top 20 holders of LISTED OPTIONS EXPIRING 30/04/2020 @ $0.02		**1,441,317,909**	**68.62**

ASX Additional Information

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 2,649,315,830 fully paid shares held by 3,809 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, is:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	648	138,395	0.01
1,001 - 5,000	63	142,220	0.01
5,001 - 10,000	36	305,413	0.01
10,001 - 100,000	1,342	67,648,025	2.55
100,001 Over	1,720	2,581,081,777	97.42
Total	**3,809**	**2,649,315,830**	**100.00**

(ii) Unlisted Options

- 3,401,578 unquoted options with an exercise price of $0.044 and an expiry 1 October 2020.
- 45,525,000 unquoted options with an exercise price of $0.06 and an expiry of 19 August 2020.

HOLDERS OF NON-MARKETABLE PARCELS

Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than $500. There are 2,398 shareholders who hold less than a marketable parcel of shares, amount to 4.11% of issued capital.

SUBSTANTIAL SHAREHOLDERS

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

Name	Holding Balance	% of Issued Capital
PACIFIC CONTINENTAL HOLDINGS PTY LTD <THE PACIFIC CONTINENTAL A/C>	231,000,000	8.72
STRAT PLAN PTY LTD <DISC-STRAT PLAN A/C>	155,119,000	5.86
PACIFIC CONTINENTAL HOLDINGS PTY LTD	148,091,250	5.59

ON-MARKET BUY-BACK

There is no current on-market buy-back.

VOTING RIGHTS OF SHAREHOLDERS

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- Show of hands – one vote per shareholders; and
- Poll – one vote per fully paid ordinary share.

ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has no franking credits.

Tenement Schedule

The following table sets out the tenement information as required by ASX Listing Rule 5.3.3

Table 1: Mining tenements held at the end of the Financial Year and their location

Project Name	Location	Tenement Licences	Interest Held by Group
Bellary	WA	E47/3578	100%
Hamersley	WA	E47/3827	100%
Elsie North	WA	E45/5020	100%
Cheela	WA	E08/2880	100%
Grace	WA	E45/4524	100%
Grace	WA	P45/2905	100%
Grace	WA	P45/2906	100%
Grace	WA	P45/2907	100%
Grace	WA	P45/2908	100%
Grace	WA	P45/2909	100%
Grace	WA	E45/5130	100% (Application only)
Horseshoe South	WA	E52/2569	100%
Burraga	NSW	EL6463	100%
Burraga	NSW	EL6874	100%
Burraga	NSW	EL7975	100%
Burraga	NSW	ELA5454	100% (Application only)