HIPO Resources Limited

ABN 55 147 106 974

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Contents

Chairman's Letter

Dear Fellow Shareholders

I am pleased to report on the activities for the 2019 Financial Year.

It has been another busy year for the Company, having advanced on both the Kamola DRC lithium opportunity with Crown Mining and the investment in Next-Battery Limited, an exciting lithium-ion battery technology company.

Additionally, the Company is continuing due diligence in respect to a range of project opportunities. At this stage, due diligence is ongoing and no decision to progress with these opportunities has been made.

Characteristics of these projects include low upfront capex and acquisition cost, located in favourable mining jurisdictions which now includes Australia, and coming with experienced technical personnel.

With its current portfolio of assets, Hipo continues to advance these projects but is being selective where investment is deployed. In particular, the assets in Uganda, and the Company sees upside in supporting Next-Battery's growth initiatives.

I would like to thank the Company's shareholders for their continued support of the Company. I look forward to a busy 2020 and ensuring we deliver value for our shareholders.

Yours Sincerely

Maurice Feilich
Executive Chairman

Corporate Information

This financial report includes the financial statements of Hipo Resources Limited ("the Company"). Certain comparative information represents that of Hipo Resources Limited and its previously controlled entities. The figures presented in this report are those of the Company unless otherwise stated as consolidated. The functional presentation currency of the Company is AUD ($).

A description of the Company's operations and of its principal activities is included in the review of operations and activities in the Director's Report.

Directors
Mr Maurice Feilich – Executive Chairman
Mr Samual Jarvis – Non-Executive Director
Mr Daniel Smith – Non-Executive Director

Company Secretary
Mr Daniel Smith

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West Perth WA 6005

Principal Place of Business
Level 2, 34 Colin Street
West Perth WA 6005

Share Registry
Computershare Investor Services
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Perth WA 6000

Auditors
RSM Australia Partners
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2 The Esplanade
Perth WA 6000

Stock Exchange
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152-158 St George's Terrace
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ASX Code: HIP

Website
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Solicitors
Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
Perth WA 6000

Competent Persons Statement

The information in this Report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Kazadi S-B. Barry and Steffen Kalbskopf, who are Members of SACNASP. Mr Kazadi and Kalbskopf have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kazadi and Kalbskopf consent to the inclusion in this Report of the matters based on the information in the form and context in which they appear.

Directors' Report

Your Directors present the following report on Hipo Resources Limited ("the Company", "HIP" or "Hipo") for the year ended 30 June 2019.

Directors

The names of the Directors in office during the year and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Mr Maurice Feilich (Executive Chairman)
Mr Sam Jarvis (Non-Executive Director)
Mr Daniel Smith (Non-Executive Director)

Principal Activities

The principal activities of the Company for the year ended 30 June 2019 were resource mineral exploration and exploitation, along with its investment in battery technologies through its 25% interest in Next-Battery.

Overview

Projects

Next-Battery

On 29 August 2018, the Company announced that it had entered into an earn-in agreement with Next-Battery Limited ("Next-Battery"). Pursuant to the agreement with Next-Battery, the Company would acquire an initial 25% interest in Next-Battery by funding US$500,000 towards an agreed budget for the development of the Next-Battery technology. The Company has the ability to acquire an additional 10% of Next-Battery through the meeting of an additional US$1,000,000 in expenditure. The Next-Battery technology has the potential to demonstrate a (minimum) 100% increase in the specific energy of its commercial battery prototype, which could potentially double the EV driving range, assuming the same weight of battery.

On 4 October 2018, the Company announced that Next-Battery had commenced production on its first cathode for the battery prototype using its thin film technology to create a unique lattice structure. Production and testing of the Cathode are key stages for Next-Battery as it develops its superior battery prototype. The proprietary process significantly increases the surface area of the metal oxides in the Cathode which allows dimension reduction and doping to increase functionality and morphology control. This enables Cathodes that are ultra-porous, and lithium infused within a nanostructured surface to enable faster lithium-ion transport and electron movement in a more energy dense structure.

On 20 November 2018, the Company announced that Next-Battery had achieved a key milestone in its cathode prototype development, with multiple demonstrations of elements of the cathode manufacturing process having been completed, including the deposition of several nano-meters of certain metal oxides on a substrate for testing.

On 10 December 2018, the Company announced that Next-Battery had signed a strategic relationship agreement with Lvchi Automobile Technology (Shanghai) Co Ltd ("Lvchi"). Lvchi group is a whole value chain operation platform company that focuses on new electric vehicles (EV), with targeted annual production of over 500,000 vehicles.

The global design, research and development base of Lvchi is located at the Turin engineering centre in Italy. Lvchi also has technology centres in Coventry, England and Silicon Valley in California, USA.

Directors' Report (continued)

On 13 December 2018, the Company announced that Next-Battery's UK entity (NextMetals (UK) Ltd) has collaborated with Dendrobium Automotive (https://dendrobium.com/) to enter the prestigious Faraday Battery Challenge – the UK government's program to develop cost-effective, high-performance, durable, safe, low-weight and recyclable batteries. One of the key focuses of the Faraday Battery Challenge is to reduce the cost and increase the energy density of existing Li-ion battery technology which is a key focus of Next-Battery's current scientific and development work. Another element in the competition is improving the production of battery packaging and cell structure, as well as improving the integration of battery cells into vehicles – which is where Dendrobium's engineering and automotive expertise fits in.

Next-Battery has been using several teams of scientists from the disciplines of advanced materials, semiconductors, inorganic chemistry, and organic chemistry to focus on developing novel prototypes of various high specific energy battery and ultracapacitor technologies in a lab environment but not yet packaged into useable prototypes.

Next-Battery is currently conducting a strategic funding round to continue development of its commercial prototypes and to significantly advance existing relationships and further discussions and development potential with more automotive, recreational and commercial power boats and energy storage companies currently engaged with Next-Battery. the Li-ion battery which has higher specific energy, but less specific power can continuously transfer energy at a steady rate to the CS, which can connect to the drive system. Next-Battery is targeting 100 W/g, which it believes would deliver a unique high performance product for the market in combination with a superior Li-ion Battery.

Kamola Lithium Project Joint Venture to earn up to 60%

On 15 November 2018, the Company executed a Joint Venture agreement with Crown Mining Sarl ("Crown"), whereby the Company has the ability to earn a 60% interest in the Kamola Lithium Project under the following key terms:

- HIPO to fund, at its election, up to USD5m in exploration and project development expenditure within 3 years of the agreement to maintain its joint venture interest;
- USD1m to be spent on exploration activities (including drilling) within 12 months of the agreement; and
- USD2.5m to be spent on exploration activities (including drilling) within 24 months of the agreement.

As at 30 June 2019, the Company has spent approximately $67,351 on exploration activities at the Kamola Lithium Project.

On 8 April 2019, the Company announced that South African consulting geologists Minex Consulting SARL ("Minex") completed a more detailed mapping and sampling program at Kamola. The work undertaken by Minex followed on from the previous report by the Kweneng Group which highlighted a significant lithium-bearing pegmatite within the project areas.

The 3 permits, located 51km SW of Manono on the western border of Tanganyika Province, were visited by Minex in March 2019. Traverses were conducted over the locations where significant lithium assays had previously been obtained by Kweneng Group, as well as reconnaissance visits over the areas of known tin-tantalite mineralisation on PE 13081. Additionally, accessible places on PR4072 and PR4076 were visited, although wet season conditions restricted the survey.

Key findings of the site visit (with grab sample results still pending) were:

- Artisanal workings along 2 north-easterly trends on PE 13081 appears to overlie pegmatites and one of these at Kabimbi revealed weathered lilac-coloured minerals that might be spodumene or lepidolite and possible zinnwaldite (indicating potential lithium mineralisation). Grab samples of these minerals were collected. This appears to lie along a corridor that includes the differentiated and Li-bearing Kanunka – Bukena – Malemba-Nkulu pegmatites.

Directors' Report (continued)

- A large cassiterite-bearing differentiated pegmatite at Kamola in PR4076 also appears to carry spodumene in a partly developed inner zone and grab samples were also collected. Judging by the extensive artisanal mining in the adjoining small-scale mining licence, the potential for other pegmatites in the northern fringe of this PR is considered significant, although much of the area may require pitting to better assess the geology.
- Potential of PR4072 is still unknown given accessibility issues.

Traverses were conducted over the three permits where significant lithium assays had previously been obtained by Kweneng Group, as well as reconnaissance visits over the areas of known tin-tantalite mineralisation on PE 13081.

Positive results were received from grab samples collected at Kirkoff, with the best result being 1.42% Li2O, and at Kabimbi with lithium oxide content of up to 0.919% Li2O (see ASX release 8 April 2019). These assay results were returned from an area along a corridor that includes the differentiated and lithium-bearing Kanunka – Bukena – Malemba-Nkulu pegmatites.

Furthermore, grab samples collected from the Kamola pegmatite returned lithium oxide content up to 0.284% Li2O.

Based on the assay results and the recommendations of Minex Consulting, the most obvious principle targets for lithium mineralisation occur at PE13081 and at Kamola, at Exploration Licence PR4076. The Company will now consider these recommendations, as well as the associated costs and logistics, and looks forward to providing a further update in due course.

Busumbu Phosphate Project

The Busumbu Phosphate Project is located on the Busumbu ridge ~ 3km east of the Namekara Vermiculite Mine and on the existing Mining License.

Exploration work was completed by Gulf Industrial Limited (ASX Listed) in 2011 and 2012. The full results of the six-hole diamond drill program completed by Gulf Industrial in 2012 is included in an ASX release dated 26 November 2012 "*Confirmation of High Grade Phosphate Discovery – Busumbu*".

HIPO retains a 24% carried interest in the Busumbu Phosphate Project in Uganda, with African Minerals Ventures Limited ("African Minerals") as the farm-in operator. During the quarter, representatives from African Minerals concluded a site visit in preparation for a fully-funded exploration program next quarter and further project development initiatives.

African Minerals team, including Consulting Geologist Helen Salmon and Company Directors Eyjólfur Vilhjálmsson and Vilhjamur Eyjolfsson, visited the site to assess geology, infrastructure, development options, and the project's role in increasing fertiliser production to supply Uganda's burgeoning agricultural market. As part of the site visit, rock and soil samples were taken and assays are expected shortly (refer ASX release 27 March 2019). Previous sampling and exploration confirmed the presence of extensive phosphate, as are rare earth elements (REE), niobium and copper.

The visit also provided an opportunity for the AMV representatives to meet the Community Relations Officer (CRO), which is essential to preserving good working relationships with the local community.

During the financial year the Company provided an update on the work being undertaken by African Minerals. African Minerals has determined that there is sufficient material on site to commence a bulk sampling mining program and African Minerals can produce a direct shipping ore (DSO) product for the local market. African Minerals spent considerable time meeting potential local off-take partners, and a simple start-up operation is envisaged with product supplied to the domestic Ugandan market where there is significant demand.

Directors' Report (continued)

New opportunities

During the year HIPO was presented with a number of project opportunities for consideration. Characteristics of these projects include near-term cash generating potential, low upfront capex and acquisition cost, located in favourable mining jurisdictions in South America and now Australia, and coming with experienced in-country technical personnel. At this stage due diligence is ongoing and no decision to progress with these opportunities has been made.

<u>Capital Raisings</u>

On 20 July 2018, the Company announced the issue of 3,750,000 ordinary shares, 11,087,500 quoted options and 7,000,000 unlisted options. The shares were issue at $0.02 per share and raised $75,000.

<u>Shareholder Meetings</u>

Following the Company's Annual General Meeting ("AGM") held on 30 November 2018, the Company announced that all resolutions put to Shareholders had been passed on a show of hands. The Resolutions the subject of the AGM included, amongst other things, the ratification of previous share placements, the ratification of the convertible note issue, and the approval of the Company to issue shares pursuant to a placement.

Operating Results

The statement of profit or loss and other comprehensive income shows a net loss for the year ended 30 June 2019 to members of $755,395 (2018: net loss of $280,078).

Dividends

No dividend has been paid or recommended by the Directors since the commencement of the financial year.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company during the financial year other than as stated in the above overview.

After Balance Date Events

The Company have no after balance date events to report.

Likely Developments and Expected Results

The Company is focused on both advancing and rationalising existing project opportunities and assessing projects that enhance the Company's existing suite of projects.

Financial Position

At 30 June 2019, the Company had net assets of $1,045,224 and cash reserves of $547,364 (2018: net assets $1,444,961, with cash reserves of $1,729,055).

Directors' Report (continued)

Environmental Regulation

The Company operates within the resources sector and conducts its business activities with respect for the environment, while continuing to meet the expectations of the shareholders, employees and suppliers. The Company is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities in the relevant jurisdiction. The directors are not aware of any environmental law that is not being complied with.

The directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment. There have been no known breaches by the Company during the financial year.

Directors' Report (continued)

Information on Directors

Mr Maurice Feilich	-	Executive Chairman
Qualifications	-	B Comm
Experience	-	Maurice has been involved in investment markets for 30 years, commencing his career as an institutional derivative broker at Mcintosh Securities (later Merrill Lynch) in 1998. He joined Tricom Equities in 2000 as head of Equities, and in 2010 became a founding partner of Sanlam Private Wealth. Mr Feilich has a track record of success and solid networks in the small resources sector and he has provided capital markets and funding support to Hipo Resources Ltd since the Company's re-listing in November 2016.
Interest in Shares and Options	-	16,453,374 Ordinary Shares, 3,925,844 listed options ($0.02, expiring 30 June 2020)
Current directorships	-	Nil
Former directorships held in past three years	-	Nil

Mr Samuel Jarvis	-	Non-Executive Director (appointed 13 June 2018)
Qualifications	-	BCom, BEng.
Experience	-	Mr Jarvis has over 20 years' experience in the resources, bulk commodities and energy sectors and has Degrees in Economics and Engineering (Hons).
Interest in Shares and Options	-	13,500,000 Ordinary Shares, 4,000,000 listed options ($0.02, expiring 30 June 2020)
Current directorships	-	Nil.
Former directorships held in past three years	-	Nil.

Mr Daniel Smith	-	Non-Executive Director and Company Secretary (appointed 13 June 2018)
Qualifications	-	BA, MAICD, GIA (Cert), RG146.
Experience	-	Mr Smith has over 10 years' primary and secondary capital markets expertise, and has advised on a number of IPOs, RTOs and capital raisings on the ASX. Dan's focus is on commercial due diligence, transaction structuring, and investor and stakeholder engagement. He is currently a director and company secretary of ASX and AIM-listed Europa Metals Ltd and ASX-listed Lachlan Star Limited, and is also a company secretary of Taruga Gold Limited and Vonex Limited.
Interest in Shares and Options	-	Nil
Current directorships	-	Europa Metals Ltd (AIM: EUZ), Lachlan Star Limited (ASX:LSA), Artemis Resources Ltd (ASX: ARV), White Cliff Minerals Ltd (ASX:WCN), Alien Metals Ltd (AIM: UFO).
Former directorships held in past three years	-	Taruga Minerals Limited (ASX:TAR), PLC Financial Solutions (ASX:PLC).

Directors' Report (continued)

Directors Meetings

The number of Directors' meetings held and the number of meetings attended by each of the Directors of the Company for the time the Director held office during the year were as follows:

	Number of Meetings Eligible to Attend	Number of Meetings Attended
Director		
Mr Maurice Feilich	3	3
Mr Samual Jarvis	3	3
Mr Daniel Smith	3	3

Shares under Option

Unissued ordinary shares of Hipo Resources Limited under option at the date of this report are as follows:

Type	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	30 April 2020	$0.05	2,000,000
Listed	30 June 2020	$0.02	106,421,373
Unlisted	31 October 2020	$0.02	7,000,000

Shares Issued on the Exercise of Options

There were no options exercised during the year.

Insurance of Officers

Directors and Officers insurance was arranged for the Company during the current year.

Indemnity and insurance of auditor

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 purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Directors' Report (continued)

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor can be found within the financial statements at Note 26 to the financial statements.

The Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 has been included as part of the financial report.

Auditor

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

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration.
B Details of remuneration.
C Service agreements.
D Share-based compensation.
E Additional disclosures relating to key management personnel

A <u>Principles used to determine the nature and amount of remuneration</u>

The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

The following items are considered and discussed as deemed necessary at the board meetings:

- make specific recommendations to the board on remuneration of directors and senior officers;
- recommend the terms and conditions of employment for the Executive Director;
- undertake a review of the Executive Director's performance, at least annually, including setting with the Executive Director goals for the coming year and reviewing progress in achieving those goals;
- consider and report to the Board on the recommendations of the Executive Director on the remuneration of all direct reports; and
- develop and facilitate a process for Board and Director evaluation.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Directors' Fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $300,000 per annum.

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements.

Executive pay

The executive pay and reward framework has two components:

- Base pay and benefits, including superannuation; and
- Long-term incentives through participation in the Employee Share Option Plan.

The combination of these comprises the executive's total remuneration. The Company intends to revisit its long-term equity-linked performance incentives for executives as deemed necessary by the Board.

Base pay

The employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed every 12 months and may increase every 12 months.

Benefits

No benefits other than noted above are paid to Directors or Management except as incurred in normal operations of the business.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

A Principles used to determine the nature and amount of remuneration (cont'd)

Long term incentives

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 as at the date of this financial report.

B Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Company are found below:

Key Management personnel and other executives of the Company

	Short-term employee benefits			**Post-employment benefits**		**Share-based pay-ments**	**Total**
30 June 2019	**Cash salary & Fees**	**Consulting fee**	**Non-monetary Benefits**	**Super-annuation Pensions**	**Retire-ment Benefits**		
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Executive Directors							
Maurice Feilich	120,000	-	-	-	-	-	120,000
Total Executive Directors	**120,000**	**-**	**-**	**-**	**-**	**-**	**120,000**
Non-Executive Directors							
Samual Jarvis	36,000	-	-	-	-	-	36,000
Daniel Smith	36,000	-	-	-	-	-	36,000
Total Non-Executive Directors	**72,000**	**-**	**-**	**-**	**-**	**-**	**72,000**
Total key management personnel compensation (Company)	**192,000**	**-**	**-**	**-**	**-**	**-**	**192,000**

No proportion of director and key management remuneration is linked to performance.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

	Short-term employee benefits			Post-employment benefits		Share-based payments	Total
30 June 2018	**Cash salary & Fees**	**Consulting fee**	**Non-Monetary Benefits**	**Super-annuation Pensions**	**Retire-ment Benefits**		
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Executive Directors							
Maurice Feilich [1]	105,000	-	-	-	-	-	105,000
Julian Ford [4]	-	-	-	-	-	-	-
Total Executive Directors	**105,000**	**-**	**-**	**-**	**-**	**-**	**105,000**
Non-Executive Directors							
Samual Jarvis [2]	-	-	-	-	-	-	-
Daniel Smith [3]	-	-	-	-	-	-	-
Simon Grant-Rennick [5]	54,999	-	-	-	-	-	54,999
Luca Bechis [6]	-	-	-	-	-	-	-
John Ryan [7]	-	-	-	-	-	-	-
Total Non-Executive Directors	**54,999**	**-**	**-**	**-**	**-**	**-**	**54,999**
Other Key Management Personnel							
Bronwyn Barnes [8]	15,000	-	-	-	-	-	15,000
Total Other Key Management Personnel	**15,000**	**-**	**-**	**-**	**-**	**-**	**15,000**
Total key management personnel compensation (Company)	**174,999**	**-**	**-**	**-**	**-**	**-**	**174,999**

[1] Mr Feilich was appointed Non-Executive Director on 1 July 2017 and Executive Chairman on 13 June 2018.
[2] Mr Jarvis was appointed Non-Executive Director on 13 June 2018.
[3] Mr Smith was appointed Non-Executive Director on 13 June 2018.
[4] Mr Ford resigned as Executive Chairman and Chief Executive Officer on 1 July 2017.
[5] Mr Grant-Rennick was appointed Interim Chairman on 1 July 2017, and resigned as Interim Chairman and Non-Executive Director on 13 June 2018.
[6] Mr Bechis resigned as Non-Executive Director on 13 June 2018.
[7] Mr Ryan resigned as Non-Executive Director on 15 September 2017.
[8] Ms Barnes was appointed as Interim Chief Executive Officer on 26 July 2017 for a term of three months.

C Service agreements

No formal service agreements have been entered into by non-executive directors upon appointment to the board during the year ended 30 June 2019. Effective 1 July 2018 as the result of board resolution, all non-executive directors are entitled to $3,000 per month and no termination benefits.

D Share-based compensation

There were no shares or options issued to key management personnel as part of the compensation during the year ended 30 June 2019.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

E Additional disclosures relating to key management personnel

Key management personnel options

The numbers of options over ordinary shares in the company held during the year by each director of Hipo Resources Limited and other key management personnel of the Company, including their personally related parties are set out below.

2019 Name	Balance at the start of the year (or appointment)	Granted	Exercised	Expired, forfeited and other changes	Balance at the end of the year (or resignation)
Directors					
Executive Directors					
Maurice Feilich	3,925,844	-	-	-	3,925,844
Total Executive Directors	3,925,844	-	-	-	3,925,844
Non-Executive Directors					
Samual Jarvis	4,000,000	-	-	-	4,000,000
Daniel Smith	-	-	-	-	-
Total Non-Executive Directors	4,000,000	-	-	-	4,000,000
Total	7,925,844	-	-	-	7,925,844

Key management personnel shareholdings

The numbers of shares in the company held during the year by each director of Hipo Resources Limited and other key management personnel of the Company, including their personally related parties are set out below.

2019 Name	Balance at the start of the year (or appointment)	Received during the year on the exercise of options	Other changes	Balance at the end of the year (or resignation)
Directors				
Executive Directors				
Maurice Feilich	15,453,374	-	1,000,000 [1]	16,453,374
Total Executive Directors	15,453,374	-	1,000,000	16,453,374
Non-Executive Directors				
Samual Jarvis	13,500,000	-	-	13,500,000
Daniel Smith	-	-	-	-
Total Non-Executive Directors	13,500,000	-	-	13,500,000
Total	28,953,374	-	1,000,000	29,953,374

[1] Mr Feilich acquired 1,000,000 ordinary shares by way of on market purchase on 3 September 2018.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Voting and comments made at the company's 2018 Annual General Meeting (AGM)

At the 2018 AGM, held on 30 November 2018, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Additional information

The loss of the Company for the five years to 30 June 2019 are summarised below, along with other factors that are considered to affect total shareholder return (TSR):

	2019 **$**	**2018** **$**	**2017 [2]** **$**	**2016 [1,2]** **$**	**2015 [1,2]** **$**
Closing share price – 30 June	0.008	0.021	0.038	0.060	0.030
Loss for the year attributable to owners of Hipo Resources Ltd	(755,395)	(280,078)	(8,766,845)	(352,464)	(19,560,410)
Basic EPS (cents)	(0.20)	(0.15)	(7.48)	(1.00)	(184.50)

[1] Losses per share have been restated to post-consolidation amounts on a 1 for 10 basis from the 2016 financial year and before. Closing share prices have not been restated.

[2] Represents the loss of Hipo and its previous controlled entities. As at 30 June 2018, Hipo no longer controlled any other entities.

Other transactions and balances with key management personnel

Below are transactions and balances with director-related entities for the 2019 financial year:

Related Party	**Type of Service**	**2019** **$**
Expenses		
Minerva Corporate Pty Ltd [1]	Company secretarial services	**36,000**
Total Expenses		**36,000**
Liabilities		
Maurice Feilich	Accrued director fees	**120,000**
Minerva Corporate Pty Ltd [1]	Director fees and company secretary services included in trade payables	**26,400**
Samual Jarvis [2]	Director fees included in trade payables	**29,700**
Total Liabilities		**176,100**

[1] Daniel Smith is a Director and shareholder of Minerva Corporate Pty Ltd, a company which provides company secretary and non-executive director services to the Company.

[2] The amount owed to Samual Jarvis for non-executive director fees is to be paid to Six Degrees Group Holdings Pty Ltd ("Six Degrees Group"), a company controlled by a family member. Six Degrees Group is not considered to be a related party.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Other transactions and balances with key management personnel (continued)

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

[End of Remuneration Report]

This report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors pursuant to s298(2)(a) of the Corporations Act 2001.

Maurice Feilich
Executive Chairman

Perth, Western Australia, 27 September 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hipo Resources Limited for the year ended 30 June 2019, 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.

David Wall
Partner
RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 27 September 2019

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INDEPENDENT AUDITOR'S REPORT
To the Members of Hipo Resources Limited

Qualified opinion

We have audited the financial report of Hipo Resources Limited (**Company**), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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, except for the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for qualified opinion

As disclosed in Note 10 to the financial statements, the Company's investment in Next-Battery Limited is carried in the statement of financial position at $755,951. We were unable to obtain any appropriate audit evidence about the carrying amount of the investment as at 30 June 2019 due to no audited financial information being available regarding the financial performance and financial position of Next-Battery Limited, which is an unlisted private company, limited by shares and incorporated in Gibraltar. Consequently, we were unable to determine whether any adjustments to the carrying amount of the investment was necessary.

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 Company 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 (**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 qualified 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. In addition to the matter described in the *Basis for qualified opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	**How our audit addressed this matter**
Valuation of share-based payments Refer to Note 18 in the financial statements	
The Company has share-based payments through the issue of options and performance shares totalling $277,241 including $64,125 of performance shares capitalised as part of the Next-Battery Limited investment. The Company determined the fair value of the options using a Black-Scholes model or barrier option pricing model based on the conditions attached to the options. The Company determined the fair value of the performance shares using a market value model. The option and performance share valuations were deemed to be a key audit matter due to the complex and judgemental estimates used in determining the various inputs used in the option and performance share valuation models and the materiality of the amount to the financial statements. In determining the fair value of the options and performance rights, the Company used assumptions in respect of future market and economic conditions.	Or audit procedures included: • Challenging the reasonableness of key assumptions used by management to calculate the option and performance rights valuations at grant date; • Checking the mathematical accuracy of the calculations; • Reviewing the minutes of Board of Directors meetings and Australian Securities Exchange announcements in relation to the granting of options and performance rights; and • Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, 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 Company 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 Company 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:

https://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 2019. In our opinion, the Remuneration Report of Hipo Resources Limited, for the year ended 30 June 2019, 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.

D J WALL
Partner
RSM AUSTRALIA PARTNERS

Perth, Western Australia
27 September 2019

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue from continuing operations			
Other income	2	**57,880**	467,908
Gain on sale of subsidiary	26	**-**	10,879
		57,880	478,787
Expenses			
Finance costs		**(132,324)**	(251,319)
Employee and director benefits expense	3	**(192,000)**	(174,999)
Exploration costs written off	12	**(67,351)**	(149,633)
Financial and company secretarial management expenses		**(36,000)**	(42,169)
Corporate advisory	4	**-**	(10,417)
ASX and share registry fees		**(44,181)**	(57,612)
Consultants and travel		**(88,626)**	(43,017)
Loss on debt/equity swap	18	**-**	(142,910)
Other expenses		**(251,026)**	(476,814)
Foreign currency loss		**(1,768)**	(71,705)
Loss before income tax expense from continuing operations		**(755,395)**	(941,808)
Income tax expense	5	**-**	-
Net loss for after income expense tax from continuing operations		**(755,395)**	(941,808)
Profit after income tax expense from discontinued operations	26	**-**	661,730
Loss after income tax expense for the year		**(755,395)**	(280,078)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**-**	(208,826)
Other comprehensive income for the year, net of income tax		**-**	(687,906)
Total comprehensive loss for the year		**(755,395)**	(488,904)
Loss attributable to:			
Owners of the Company		**(755,395)**	(280,078)
Non-controlling Interests		**-**	-
		(755,395)	(280,078)
Total comprehensive loss attributable to:			
Owners of the Company		**(755,395)**	(615,277)
Non-controlling Interests		**-**	126,373
		(755,395)	(488,904)
Basic and diluted loss per share (cents)	6	**(0.20)**	(0.15)

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2019

	Note	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	**547,364**	1,729,055
Trade and other receivables	9	**7,749**	17,058
Other assets	11	**-**	135,796
Total Current Assets		**555,113**	1,881,909
Non-Current Assets			
Investments	10	**755,951**	-
Total Non-Current Assets		**755,951**	-
TOTAL ASSETS		**1,311,064**	1,881,909
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**265,840**	436,948
Total Current Liabilities		**265,840**	436,948
TOTAL LIABILITIES		**265,840**	436,948
NET (LIABILITIES)		**1,045,224**	1,444,961
EQUITY			
Issued capital	14	**38,943,152**	38,864,735
Reserves	15	**327,441**	50,200
Accumulated losses	17	**(38,225,369)**	(37,469,974)
TOTAL EQUITY		**1,045,224**	1,444,961

The above statement of financial position is to be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		**(495,826)**	(2,024,879)
Receipts from customers		**-**	1,164,496
Royalties paid		**-**	(12,820)
Interest paid		**(2,420)**	(10,000)
Net cash flows used in operating activities	24	**(498,246)**	(883,203)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(67,351)**	(134,388)
Payment of refundable deposit – Next-Battery Ltd option	11	**-**	(135,796)
Payment of capital investment fee		**(49,384)**	-
Payments for plant and equipment		**-**	(16,121)
Payments for investment in Next-Battery Ltd	10	**(556,030)**	-
Payments for disposal off subsidiary (net of cash disposed)		**-**	(692,115)
Net cash flows used in investing activities		**(672,765)**	(978,420)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	3,173,240
Funds received in advance for the issue of shares		**-**	75,000
Share issue costs		**(10,680)**	(214,839)
Repayment of borrowings		**-**	-
Proceeds from borrowings		**-**	500,000
Net cash flows (used in) / provided by financing activities		**(10,680)**	3,533,401
Net decrease in cash and cash equivalents		**(1,181,691)**	1,671,778
Cash and cash equivalents at beginning of year		**1,729,055**	57,277
Effect of foreign currency translation		**-**	-
Cash and cash equivalents at end of year	8	**547,364**	1,729,055

The above statement of cash flows is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 30 June 2019

	Issued Capital $	Accumulated Losses $	Share-Based Payment Reserve $	Foreign Currency Translation Reserve $	Non-Controlling Interest $	Total $
Balance at 1 July 2018	**38,864,735**	**(37,469,974)**	**50,200**	**-**	**-**	**1,444,961**
Loss for the year	-	**(755,395)**	-	-	-	**(755,395)**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	**(755,395)**	-	-	-	**(755,395)**
Transactions with owner, directly recorded in equity:						
Issue of shares	**75,000**	-	-	-		**75,000**
Issue of share-based payments	-	-	**277,241**	-	-	**277,241**
Share issue costs	**3,417**	-	-	-	-	**3,417**
Balance at 30 June 2019	**38,943,152**	**(38,225,369)**	**327,441**	**-**	**-**	**1,045,224**
Balance at 1 July 2017	**34,227,750**	**(36,454,458)**	**1,688,432**	**1,150,325**	**(3,315,169)**	**(2,703,120)**
Loss for the year	-	**(280,078)**	-	-	-	**(280,078)**
Other comprehensive income	-	-	-	**(335,199)**	**126,373**	**(208,826)**
Total comprehensive (loss)/income	-	**(280,078)**	-	**(335,199)**	**126,373**	**(488,904)**
Transactions with owner, directly recorded in equity:						
Issue of shares	**5,051,939**	-	-	-		**5,051,939**
Issue of options	-	-	-	-	-	-
Disposal of subsidiaries	-	**(2,373,670)**	-	**(815,126)**	**3,188,796**	-
Share issue costs	**(414,954)**	-	-	-	-	**(414,954)**
Total transactions with owners	**4,636,985**	**(2,373,670)**	-	**(815,126)**	**3,188,796**	**4,636,985**
Transfer of reserve to accumulated losses	-	**1,638,232**	**(1,638,232)**	-	-	-
Balance at 30 June 2018	**38,864,735**	**(37,469,974)**	**50,200**	**-**	**-**	**1,444,961**

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of significant accounting policies

These financial statements and notes represent those of Hipo Resources Limited ("the Company").

Hipo Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company are described in the Directors' Report.

The financial report was authorised for issue on 27 September 2019 by the directors of the company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. Hipo Resources Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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

Adoption of new and revised standards
In the current year, the company has reviewed all of the new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the company that there is no impact, material or otherwise, of the new Standards and Interpretations on its business and therefore, no changes are required to its accounting policies. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

(b) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Notes to the Financial Statements

1. Summary of significant accounting policies (cont'd)

(c) Foreign Currencies

The functional and presentation currency of the Company is Australian dollars.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is based on the primary economic environment in which the entity operates. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Group at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange difference are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

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

(d) Income Tax

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

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

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

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(e) Income Tax (cont'd)

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

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

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

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

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development 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.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(h) Impairment of Assets

At each reporting date, the Company 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 asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(i) Employee Benefits

(i) *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.

(ii) *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 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.

(iii) *Share-based payments*
Share-based compensation benefits are provided to employees of the company at the Directors discretion.

The fair value of options granted is recognised as an option benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. If options 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 option is substituted for the cancelled option, the cancelled and new option is treated as if they were a modification.

The fair value at grant date is independently determined using an appropriate valuation model that takes into account 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.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(i) Employee Benefits (cont'd)

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

(iv) *Defined contribution superannuation expense*
Contributions to defined contribution superannuation plans are expensed in the period which they are incurred.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result, of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

(l) Revenue

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

Interest
Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All revenue is stated net of the amount of goods and services tax (GST).

Other revenue
Other income is recognised when it is received or when the right to receive payments is established.

(m) Goods and Services Tax (GST)

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

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(n) Comparatives

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

(o) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An allowance account for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income. Other receivables are recognised at amortised cost, less any provision for impairment.

(p) Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(p) Financial Instruments (cont'd)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(p) Financial Instruments (cont'd)

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return of return for similar financial assets.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(q) Impairment of Non-Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(r) Trade and Other Payables

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(s) Earnings per Share

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

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

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

(t) 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 its 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 its 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.

(u) Issued Capital

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

(v) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(v) Borrowings (cont'd)

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(w) Discontinued operations

A discontinued operation is a component of the Copmany that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(x) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(y) Significant Accounting Judgements, Estimates 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 expectation of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts in the financial statements.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (cont'd)

(y) Significant Accounting Judgements, Estimates and Assumptions (cont'd)

Exploration and evaluation assets

The Company's accounting policy for exploration and evaluation expenditure is set out at Note 1(h). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the capitalised amount will be written off to the statement of comprehensive income.

Share-based payment transactions

The Company 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 either the Binomial, market value or Black-Scholes 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.

(z) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company has adopted this standard from 1 July 2019 and assesses there to be no impact on the financial statements of the Company.

Notes to the Financial Statements

2. Revenue

	2019 $	2018 $
Revenue		
Other income – waiver of debts	**-**	467,908
Other income – gain on forfeiture of entitlements	**57,000**	-
Other income	**880**	-
	57,880	467,908

3. Employee and director benefits expense

Employee and director benefits expense for the year includes the following items:

	2019 $	2018 $
Employee benefits expense		
Directors fees	**192,000**	159,999
Salary and Wages	**-**	15,000
Total employee benefits expense	**192,000**	174,999

4. Corporate advisory expense

	2019 $	2018 $
Corporate advisory expense		
Other advisory expenses	**-**	10,417
	-	10,417

5. Income Tax

	2019 $	2018 $
Loss before income tax	**(755,395)**	(280,078)
Tax benefit, prima facie, at the Australian tax rate of 27.5% (2018: 27.5%)	**(207,734)**	(77,021)
Add / (less):		
Non-assessable income	**-**	(29,125)
Non-deductible expenses	**(12,066)**	(8,965,522)
Effect of difference in tax rate for foreign subsidiary	**-**	-
	(219,800)	(9,071,668)
Deferred tax assets not brought to account	**219,800**	9,071,668
Income tax expense/ (benefit)	**-**	-

Notes to the Financial Statements

5. Income Tax (cont'd)

At 30 June 2019, the Company has unused tax losses of $38,842,368 (2018: $38,046,380). The potential tax benefit at the Australian tax rate of 27.5% (2018: 27.5%) not recognised for unused tax losses is $10,681,651 (2018: $10,462,755). The unused tax losses are comprised of operating losses totalling $7,525,920 and capital losses totalling $31,316,448.

The benefit for tax losses will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by the relevant tax legislation; and

(iii) there are no changes in tax legislation which will adversely affect the Company in realising the benefit from the deductions for the losses.

6. Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit/ (loss) for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the loss and share data used in the basic earnings per share computations:

	2019 $	2018 $
Loss after income tax	**(755,395)**	(280,078)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**386,304,977**	183,446,013

7. Dividends Paid or Proposed

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

8. Cash and Cash Equivalents

	2019 $	2018 $
Current		
Cash at bank and in hand	**547,364**	1,729,055
	547,364	1,729,055

9. Trade and Other Receivables

	2019 $	2018 $
Current		
Other receivables	**7,749**	17,058
	7,749	17,058

Notes to the Financial Statements

9. Trade and Other Receivables (cont'd)

Impairment of receivables
The Company has not recognized any provision for impairment of receivables as at 30 June 2019 (2018: nil).

10. Investments

	2019 $	2018 $
Non- Current		
Investment – Next-Battery Ltd	755,951	-
	755,951	-
Movement		
Balance at beginning of period	**-**	-
Cash payment	**556,030**	-
Conversion of refundable deposit (see note 11)	**135,796**	-
Share-based payment (see note 18)	**64,125**	-
Balance at end of period	**755,951**	-

On 22 October 2018, the Company entered into subscription and shareholder agreements for the right to earn up to a 35% equity interest in Next-Battery Ltd ("Next-Battery"), an unlisted private company incorporated in Gibraltar and operated in Ukraine, under the following terms:

(a) An initial 25% interest by spending USD 500,000 on an agreed budget for the development of the Next-Battery technology;
(b) The option to spend an additional USD 1,000,000 on Next-Battery technology development for a further 10% equity interest; and
(c) Issuing 10,000,000 ordinary shares in the Company to Next-Battery (or nominee) on the following milestone basis:
   a. 5,000,000 ordinary shares upon demonstration of a prototype battery demonstrating a minimum 50% increase in specific energy compared to current Tesla battery model; and
   b. 5,000,000 ordinary shares upon demonstration of a prototype battery demonstrating a minimum 100% increase in specific energy compared to current Tesla battery model.

As at 30 June 2019, the Company had completed the initial spending commitment of USD 500,000 (approximately $691,826) to earn an initial 25% interest in Next-Battery. In addition, the total estimated fair value of the performance shares granted of $64,125 as detailed in note 18 has been capitalised as it comprises the acquisition cost of the initial 25% interest.

11. Other Assets

	2019 $	2018 $
Current		
Refundable deposit – Next-Battery option	-	135,796
	-	135,796

As at 30 June 2018, the Company had made a refundable deposit of USD 100,000 (approximately $135,796) to secure an option to enter into the agreements as per note 10. During the year, this balance was converted to the investment in Next-Battery following the payment by the company of the remaining USD 400,000 (approximately $556,030) required to earn the initial 25% interest.

Notes to the Financial Statements

12. Exploration and Evaluation Expenditure

	2019 $	2018 $
Non – Current		
Exploration and evaluation expenditure – at cost	-	-
Movement		
Balance at beginning of period	-	363,795
Exploration costs incurred	**67,351**	150,613
Impairment of exploration costs	**(67,351)**	(149,633)
Disposal of subsidiary	**-**	(352,475)
Translation differences	**-**	(12,300)
Balance at end of period	**-**	-

The carrying value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

13. Trade and Other Payables

	2019 $	2018 $
Current		
Trade payables	**80,540**	119,946
Capital Investment Fee [1]	**-**	44,002
Other payables	**185,300**	273,000
	265,840	436,948

Trade and other payables are non-interest bearing and are normally settled within 30-60 days.

[1] Relates to amount payable of US$250,000 to LB International Ltd and Jonah Resources Ltd as the Company failed to invest a minimum of US$2,500,000 in GLF Holdings Ltd by 31 December 2016. The amount was only payable if the parties continue to hold at least 50% of the consideration shares on the 3 April 2019. The amount payable to LB International has been forgiven as part of as part of the disposal of GLF Holdings as per note 26 to the financial statements. The amount payable to Jonah Resources Ltd has been paid during the year ended 30 June 2019.

Notes to the Financial Statements

14. Issued Capital

	2019 $	2018 $
(a) **Issued and paid up capital**		
Ordinary shares - fully paid	**38,943,152**	38,864,735
	38,943,152	38,864,735

Movement in ordinary shares on issue:

	Date	No. of Shares	Issue Price	$
30 June 2017		**153,167,728**		**34,227,750**
Placement shares	01 July 2017	3,750,000	$0.040	150,000
Placement shares	27 July 2017	6,250,000	$0.040	250,000
Shares issued under entitlement issue	28 August 2017	80,237,005	$0.020	1,604,740
Shares issued under entitlement issue	15 May 2018	58,425,000	$0.020	1,168,500
Shares issued under entitlement issue to Directors for settlement of accrued directors' fees	31 May 2018	10,500,000	$0.025	262,500
Shares issued under entitlement issue to Consultants for settlement of accrued creditor balances	31 May 2018	14,005,723	$0.026	364,149
Shares issued upon conversion of convertible notes	31 May 2018	26,750,000	$0.026	695,500
Shares issued to Note Holders for settlement of accrued interest on convertible notes	31 May 2018	2,175,000	$0.026	56,550
Shares issued upon conversion of convertible notes	31 May 2018	27,500,000	$0.018	500,000
Share issue costs		-		(414,954)
30 June 2018		**382,760,456**		**38,864,735**
Placement	20 July 2018	3,750,000	$0.020	75,000
Share issue costs		-		3,417
30 June 2019		**386,510,456**		**38,943,152**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Management effectively manages the Company's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. The capital of the Company for the years ended 30 June 2019 and 30 June 2018 are as follows:

Notes to the Financial Statements

14. Issued Capital (cont'd)

	Note	2019 $	2018 $
Total borrowings (including payables)	13	**265,840**	436,948
Less cash and cash equivalents	8	**(547,364)**	(1,729,055)
Net debt		**(281,524)**	(1,292,107)
Total equity		**1,045,224**	1,444,961
Total capital		**763,699**	152,854

15. Reserves

	2019 $	2018 $
Reserves		
Option reserve	**263,316**	50,200
Shares to be issued reserve	**64,125**	-
	327,441	50,200

Movement during the year	**Option reserve**	**Shares to be issued reserve**	**Foreign currency translation reserve**
Balance at 30 June 2017	1,688,432	-	1,150,325
Options issued	-	-	-
Foreign currency translation	-	-	(232,282)
Disposal of subsidiaries	-	-	(918,043)
Transfer of reserve to accumulated losses	(1,638,232)	-	-
Balance at 30 June 2018	**50,200**	**-**	**-**
Options issued	**213,116**	**-**	**-**
Shares granted	**-**	**64,125**	**-**
Balance at 30 June 2019	**263,316**	**64,125**	**-**

Options reserve

The option reserve recognises options issued by the company. The balance of the options reserve transferred to accumulated losses during the year ended 30 June 2018 was related to previously unexercised and expired options.

Shares to be issued reserve

The shares to be issued reserve recognises shares granted but not yet issued by the company.

Notes to the Financial Statements

15. Reserves (cont'd)

Summary of share options:

	Expiry Date	Exercise Price	Balance at start of year	Granted during the year	Exercised during the year	Forfeited/(expired) during the year	Balance at end of the year	Vested & exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2019								
Unlisted option	30 Apr 20	$0.05	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**2,000,000**
Listed option	30 Jun 20	$0.02	**95,333,873**	**11,087,500**	**-**	**-**	**106,421,373**	**106,421,373**
Unlisted option	31 Oct 20	$0.02	**-**	**7,000,000**	**-**	**-**	**7,000,000**	**7,000,000**
			97,333,873	**18,087,500**	**-**	**-**	**115,421,373**	**115,421,373**
2018								
Unlisted option	30 Jun 18	$0.125	1,857,252	-	-	(1,857,252)	-	-
Unlisted option	30 Apr 20	$0.05	2,000,000	-	-	-	2,000,000	2,000,000
Listed option	30 Jun 20	$0.02	-	95,333,873	-	-	95,333,873	95,333,873
			3,857,252	95,333,873	-	(1,857,252)	97,333,873	97,333,873

Further information regarding valuation of the above options is provided at note 18.

The options issued in 2018 were free attaching options and did not require valuation.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of its previously controlled foreign subsidiaries.

16. Financial Instruments

Financial Risk Management

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Company manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Company does not speculate in the trading of derivative instruments. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Notes to the Financial Statements

16. Financial Instruments (cont'd)

Financial Risk Management (cont'd)

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

The Company's activities expose it to a variety of financial risks including market risk, foreign currency risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments.

Risk Exposures and Responses

Interest rate risk

The Company's exposure to risks of changes in market interest rates relates primarily to its cash balances. The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the company has no variable rate interest bearing borrowings, its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, the Company had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	**547,364**	1,729,055
Net exposure	**547,364**	1,729,055

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity relating to financial assets of the Company would have been affected as follows:

Judgements of reasonably possible movements:	2019 $	2018 $
Post tax profit – higher / (lower)		
+ 0.5%	**2,737**	8,645
- 0.5%	**(2,737)**	(8,645)
Equity – higher / (lower)		
+ 0.5%	**2,737**	8,645
- 0.5%	**(2,737)**	(8,645)

Notes to the Financial Statements

16. Financial Instruments (cont'd)

Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources; and
- managing credit risk related to financial assets;

The following table details the expected maturity of the Company's financial assets and liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

2019		**Fixed Interest rate maturing in**					
Financial Instrument	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-interest Bearing**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**$**	**$**	
Financial Assets							
Interest bearing							
Cash and cash equivalents	**547,364**	-	-	-	-	**547,364**	**0.00%**
Non-interest bearing							
Receivables – other	-	-	-	-	**7,749**	**7,749**	
Total financial assets	**547,364**	-	-	-	**7,749**	**555,113**	
Financial Liabilities							
Non-interest bearing							
Trade payables and accruals	-	-	-	-	**265,840**	**265,840**	
Total financial liabilities	-	-	-	-	**265,840**	**265,840**	
2018							
Financial Assets							
Interest bearing							
Cash and cash equivalents	1,729,055	-	-	-	-	1,729,055	0.00%
Non-interest bearing							
Receivables – other	-	-	-	-	17,058	17,058	
Total financial assets	1,729,055	-	-	-	17,058	1,746,113	
Financial Liabilities							
Non-interest bearing							
Trade payables and accruals	-	-	-	-	436,948	436,948	
Total financial liabilities	-	-	-	-	436,948	436,948	

Notes to the Financial Statements

16. Financial Instruments (cont'd)

Price Risk

The Company was not exposed to commodity price risk during the year ended 30 June 2019.

The Company was exposed to commodity price risk arises from vermiculite held as inventory during the year ended 30 June 2018.

The Company sold vermiculite at contracted prices through its now disposed subsidiary NMCL, of which was generally evaluated on an annual basis. The Company's revenues were exposed to fluctuation in the price of vermiculite. If the average selling price of vermiculite for the financial year had increased/decreased by 10% the change in the profit before income tax for the Company would have been an increase /decrease of $107,602 for the year ended 30 June 2018.

If there was a 10% increase or decrease in market price of vermiculite, the net realisable value of inventory on hand would increase/(decrease) by nil for the year ended 30 June 2018, as no inventory was held following disposal of NMCL.

Credit risk

Credit risk arises from the financial assets of the Company, which comprise deposits with banks and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Company's maximum exposure to credit risk in relation to those assets.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Company's policy to secure its trade and other receivables. The Company is not exposed to a significant level of credit risk to any one customer as its trade debtors comprise several different customers.

Receivable balances are monitored on an ongoing basis with the result that the Company does not have a significant exposure to bad debts.

The Company's cash deposits are held with a major Australian banking institution. There are no significant concentrations of credit risk within the Company.

Notes to the Financial Statements

16. Financial Instruments (cont'd)

Foreign currency risks

There is exposure to foreign currency risk as part of its normal business. In particular, there is exposure to United States dollar currency risk some of its liabilities being denominated in United States dollars.

The following table details the amounts denominated in non-functional currency:

US$	2019 $	2018 $
Assets:		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Total assets	-	-
Liabilities:		
Trade and other payables	-	(49,976)
Borrowings	-	-
Total liabilities	-	(49,976)
Net liabilities at end of the year	-	(49,976)

UGX	2018 $	2017 $
Assets:		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Total assets	-	-
Liabilities:		
Trade and other payables	-	(4,829)
Total liabilities	-	(4,829)
Net liabilities at end of the year	-	(4,829)

The Foreign Exchange Sensitivity Analysis

The Company had net liabilities denominated in foreign currencies of $Nil as at 30 June 2019 (2018: $54,805). Based on this exposure, had the Australian dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Company's profit before tax for the year would have been $Nil lower/higher (2018: $5,481 lower/ higher) and equity would have been $Nil lower/higher (2018: $5,481 lower/ higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2019 was $1,768 (2018: $71,705).

Notes to the Financial Statements

16. Financial Instruments (cont'd)

Net Fair Values

Fair value estimation

The carrying value of financial assets and liabilities as presented in the statement of financial position are the same as their fair value. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

17. Accumulated Losses

	2019 $	2018 $
Accumulated losses at the beginning of the financial year	**(37,469,974)**	(36,454,458)
Loss for the year	**(755,395)**	(280,078)
Disposal of subsidiaries	**-**	(2,373,670)
Transfer of reserve to accumulated losses	**-**	1,638,232
Accumulated losses at the end of the financial year	**(38,225,369)**	(37,469,974)

18. Share-Based Payments

For the options granted during the year ended 30 June 2019, the inputs used to determine the fair value at the grant date were as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	10-day VWAP share price barrier	Number of options	Value per option	Fair value at grant date	Note
20/07/2018	31/10/2020	$0.0210	$0.02	105.00%	0.00%	2.05%	$0.045	2,000,000	$0.0122	$24,400	1
20/07/2018	31/10/2020	$0.0210	$0.02	105.00%	0.00%	2.05%	$0.065	2,500,000	$0.0116	$29,000	1
20/07/2018	31/10/2020	$0.0210	$0.02	105.00%	0.00%	2.05%	$0.085	2,500,000	$0.0109	$27,250	1
20/07/2018	30/06/2020	$0.0210	$0.02	105.00%	0.00%	2.05%	-	11,087,500	$0.0117	$129,724	2
30/11/2018	31/12/2020	$0.0120	$0.02	105.00%	0.00%	2.00%	-	3,400,000	$0.0053	$18,020	4
30/11/2018	31/12/2020	$0.0120	$0.02	105.00%	0.00%	2.00%	$0.040	3,300,000	$0.0052	$17,160	4
30/11/2018	31/12/2020	$0.0120	$0.02	105.00%	0.00%	2.00%	$0.070	3,300,000	$0.0045	$14,850	4
								28,087,500		$260,404	

(1) On 20 July 2018, 7,000,000 unlisted options exercisable at $0.02 per option, exercisable by 31 October 2020, were granted and issued to a service provider of the Company. These options were granted in three tranches with the following vesting conditions:

Tranche 1: 2,000,000 options exercisable upon the Company achieving a 10-day VWAP of $0.045 per share
Tranche 2: 2,500,000 options exercisable upon the Company achieving a 10-day VWAP of $0.065 per share
Tranche 3: 2,500,000 options exercisable upon the Company achieving a 10-day VWAP of $0.085 per share

The total estimated fair value of these options of $80,650 was determined using a barrier option pricing model. The Company has recognised public relations expense of $33,362 during the period for the grant of these options.

(2) On 20 July 2018, 11,087,500 listed options exercisable at $0.02 per option, exercisable by 30 June 2020, were granted and issued to the 2017 Convertible Note holders. The total estimated fair value of these options of $129,724 was determined using a Black-Scholes option pricing model and recognised as finance costs within profit and loss during the period.

Notes to the Financial Statements

18. Share-Based Payments (cont'd)

(3) On 22 October 2018, the Company entered into a subscription and shareholder agreement with Next Metals Ltd to acquire up to a 35% interest in Next-Battery Ltd under which the Company must issue 10,000,000 performance shares to Next-Battery Ltd which vest upon the achievement of the various milestones as detailed in note 3. The total estimated fair value of these performance shares of $64,125 was determined by the share price on the grant date of $0.019 and the estimated likelihood of each of the milestones being achieved. These performance shares are not subject to expiry. The total fair value was recognised as non-current investment as detailed in note 10.

(4) On 30 November 2018, shareholders approved the issue of 10,000,000 unlisted options exercisable at $0.02 per option, exercisable by 31 December 2020, to 1620 Capital Pty Ltd for services to be provided to the Company. These options were granted in three tranches with the following vesting conditions:

Tranche 1: 3,400,000 options exercisable upon obtaining a maiden JORC resource for either its current lithium or cobalt projects
Tranche 2: 3,300,000 options exercisable upon the Company achieving a 10-day VWAP of $0.040 per share
Tranche 3: 3,300,000 options exercisable upon the Company achieving a 10-day VWAP of $0.070 per share

The total estimated fair value of these options of $50,030 was determined using a barrier option pricing model. The Company has terminated services with 1620 Capital Pty Ltd during the year ended 30 June 2019, and as a result has recognised consultants and travel expense of $50,030 during the period for the grant of these options.

	2019 $	2018 $
Recognised as public relations expense during the year	**33,362**	**-**
Recognised as finance costs during the year	**129,724**	-
Recognised as consultants and travel expense during the year	**50,030**	-
Recognised as loss on debt/equity swap during the year	**-**	142,910
Total value of share-based payments expensed during the year	**213,116**	142,910
Fair value yet to vest	**47,288**	-
Total fair value of share-based payments granted during the year	**260,404**	142,910

Total value of share-based payments expensed during the year	**213,116**	-
Recognised as non-current investment (see note 10)	**64,125**	-
Total movement in the share-based payment reserve	**277,241**	-

The Company had no other share-based payments during the year ended 30 June 2019.

During the year ended 30 June 2018, the Company had the following share-based payments:

On 14 May 2018, shareholders approved the issue of 10,500,000 shares to Directors in lieu of cash settlement of previously accrued directors' fees of $210,000. The total fair value of the shares issued of $262,500 was determined by the share price on the grant date of $0.025. A loss of $52,500 has been recognised in the Statement of Comprehensive Income in connection with the debt for equity swap. The shares above included free attaching options on a 1:2 basis to the shares issued.

Notes to the Financial Statements

18. Share-Based Payments (cont'd)

On 31 May 2018, the Board granted the issue of 14,005,723 shares to Consultants in lieu of cash settlement of previously accrued creditors balances of $280,114. The total fair value of the shares issued of $364,149 was determined by the share price on the grant date of $0.026. A loss of $84,034 has been recognised in the Statement of Comprehensive Income in connection with the debt for equity swap. The shares above included free attaching options on a 1:2 basis to the shares issued.

On 31 May 2018, the Board granted the issue of 2,175,000 shares to Note Holders in lieu of cash settlement of previously accrued interest on convertible notes of $50,174. The total fair value of the shares issued of $56,550 was determined by the share price on the grant date of $0.026. A loss of $6,376 has been recognised in the Statement of Comprehensive Income in connection with the debt for equity swap. The shares above included free attaching options on a 1:2 basis to the shares issued.

The Company had no other share-based payments during the year ended 30 June 2018.

19. Commitments and Contingent Liabilities

(a) Commitments

The Company has no commitments as at 30 June 2019.

(b) Contingent liabilities

During the year ended 30 June 2016, the Company negotiated with Mr Landau to have him agree to write down the amounts allegedly owed to him and his associated entities Doull Holdings Pty Limited and Okap Ventures Pty Limited to nil.

In the ordinary course, the Company would have had Mr Landau and his associated entities release these debts, and any claims against the Company in relation to those debts. However, Mr Landau, Okap Ventures Pty Ltd and Doull Holdings Pty Ltd are subject to interim asset preservation orders granted, at ASIC's request, by the Federal Court in Perth on 23 December 2015. As a result, Mr Landau, Okap Ventures Pty Ltd and Doull Holdings Pty Ltd do not presently have the ability to release the relevant debts, and any claims against the Company in relation to those debts.

On 12 April 2016, it was agreed between the Company and Mr Landau, that subject to the interim asset preservation orders being lifted or withdrawn:

- The Company will not be required to pay any of the outstanding directors fees due to him or his related entities;
- The Company will not be required to pay any additional amounts that may be due to him directly and or indirectly through his related companies including Okap Ventures Pty Limited; and
- All other amounts that may be due to him directly and or indirectly through his related companies would be written off.

A letter agreement was executed between the parties to reflect this.

Notes to the Financial Statements

19. Commitments and Contingent Liabilities (cont'd)

(a) Contingent liabilities (cont'd)

The Company believes that if the interim asset preservation orders against Mr Landau and his associated entities are lifted or withdrawn, then as a result of the terms of the letter agreement, Mr Landau and his associated entities will not be able to claim any of the A$1,269,196 previously recorded in the Company's accounts as being due to Mr Landau and his associated entities Doull Holdings Pty Limited and Okap Ventures Pty Limited.

However, the Company understands that if the interim asset preservation orders are not lifted or withdrawn, and a trustee in bankruptcy is appointed in respect of Mr Landau or either Okap Ventures Pty Ltd or Doull Holdings Pty Ltd are placed into administration or liquidation, such a trustee in bankruptcy, administrator or liquidator could make a claim against the Company for these amounts. For this reason, the Company considers that the amount of $1,269,196 should be treated as a contingent liability.

If a trustee in bankruptcy, administrator or liquidator does seek to claim against the Company for these amounts, the Company will dispute the claim, on the bases set out above. If any such claim was made and upheld, the Company would seek to negotiate with the claimant to be able to satisfy the claimed amount by the issue of shares in the Company.

Neither Mr Landau or any of his associated entities have any ongoing role or are associated with the Company in any way, save that two entities associated with Mr Landau – Doull Holdings Pty Ltd and ICBC Capital Pty Ltd (In Liquidation) hold shares in the Company, with Doull Holdings Pty Ltd holding 10,000 shares on a pre-consolidation basis, and ICBC Capital Pty Ltd (In Liquidation) holding 397,889 shares on a pre-consolidation basis.

The Company has no agreement, arrangement, or understanding with Mr Landau or any of his associated entities, other than the letter agreement referred to above.

During the year ended 30 June 2018 the Group has derecognised an amount totalling $426,503 previously recorded as creditors in the Group's consolidated financial statements that have been long outstanding. The Group is of the opinion that no amounts remain due to any parties in relation to the above amount and would dispute any claim made in relation the amount. The Group considers the above amount to be a contingent liability.

Following the disposal of the ABM Mining Corporation Limited and Magenta Mountain Mining Corporation Limited, the Group no longer considers there to be a contingent liability for any toll mining fees in connection to the long term lease at Lakeview Mill.

20. Related Party Disclosure

(a) Key management personnel

Disclosures related to key management personnel are set out in note 25 to the financial statements and the remuneration report included in the directors' report.

Notes to the Financial Statements

20. Related Party Disclosure (cont'd)

(b) Transactions and balances with related parties

Below are transactions and balances with director-related entities for the 2019 financial year:

Related Party	Type of Service	2019 $
Expenses		
Minerva Corporate Pty Ltd [1]	Company secretarial services	**36,000**
Total Expenses		**36,000**
Liabilities		
Maurice Feilich	Accrued director fees	**120,000**
Minerva Corporate Pty Ltd [1]	Director fees and company secretary services included in trade payables	**26,400**
Samual Jarvis [2]	Director fees included in trade payables	**29,700**
Total Liabilities		**176,100**

[1] Daniel Smith is a Director and shareholder of Minerva Corporate Pty Ltd, a company which provides company secretary and non-executive director services to the Company.

[2] The amount owed to Samual Jarvis for non-executive director fees is to be paid to Six Degrees Group Holdings Pty Ltd ("Six Degrees Group"), a company controlled by a family member. Six Degrees Group is not considered to be a related party.

Below are transactions and balances with director-related entities for the 2018 financial year:

Related Party	Type of Service	2018 $
Expenses		
LB International Limited [1, 5]	Interest expense on deferred advisory fee	**200,627**
LB International Limited [1]	Unsecured loan facility interest	**130,097**
LB International Limited [1]	Royalty Expense	**10,417**
Filmrim Pty Ltd [2]	Interest expense on convertible notes	**4,589**
Chaleyer Holdings Pty Ltd	Interest expense on convertible notes	**4,589**
Sanlam Private Wealth Pty Ltd [4]	Capital Raising Fees	**65,200**
Total Expenses		**415,519**
Borrowings		
Filmrim Pty Ltd [2]	Conversion of convertible notes and repayment of interest	**(55,000)**
Chaleyer Holdings Pty Ltd [3]	Conversion of convertible notes and repayment of interest	**(55,000)**
LB International Limited [5]	Loans and other debts forgiven	**(4,721,484)**
Total Borrowings		**(4,831,484)**

[1] Luca Bechis is a Director and shareholder of LB International Limited. Interest accrued on deferred advisory fees owed to LB International during the year, which was forgiven as per note 26 to the financial statements.

[2] Mr Feilich is a Director and shareholder of Filmrim Pty Ltd. Filmrim Pty Ltd was the holder of 50,000 $1 convertible notes which were converted to ordinary shares in the Company on 31 May 2018. Interest accrued on the convertible notes up to the date of conversion in the amount of $5,000 was settled with cash payment, with $767 of interest accrued being forgiven and recognised in other income.

Notes to the Financial Statements

20. Related Party Disclosure (cont'd)

(b) Transactions with related parties (cont'd)

[3] Mr Feilich is a Director and shareholder of Chaleyer Holdings Pty Ltd. Cheleyer Holdings Pty Ltd was the holder of 50,000 $1 convertible notes which were converted to ordinary shares in the Company on 31 May 2018. Interest accrued on the convertible notes up to the date of conversion in the amount of $5,000 was settled with cash payment, with $767 of interest accrued being forgiven and recognised in other income.

[4] Mr Feilich is a Director and shareholder of Sanlam Private Wealth Pty Ltd. Sanlam Private Wealth Pty Ltd was the lead advisor to the entitlement offer announced on 12 April 2018.

[5] *Disposal Related Transactions*
As announced on 19 February 2018, the Company entered into a restructuring heads of agreement ('**HoA**') with Richmond Partners Masters Limited ('**RPML**') (director-related company of Luca Bechis, resigned 13 June 2018), for the disposal of Namekara Mining Company Ltd ('**NMCL**') through the transfer of 100% of the shares of GLF Holdings Ltd ('**GLF**'), the 100% owner of NMCL.

The key terms of the disposal were as follows:

(a) The Company to dispose of its interest in the Namekara Vermiculite Mine in exchange for the cancellation of all debt owed to RPML and LB International Ltd ('**LBI**'), extinguishment of any existing royalty obligation to RPML and transfer of the Company's interest in NMCL to RPML;
(b) RPML to transfer its shareholding in the Company to a third-party financier;
(c) HIP/BMZ to retain, subject to a minimum expenditure obligation of US$1,000,000 per annum for 3 years, and a commitment to take the project into commercial production within another 2 years, a 75% interest in its existing Busumbu Phosphate project as well as all other non-vermiculite minerals currently held by NMCL;
(d) RPML to be free carried in respect of the residual 25% interest in respect of point (c); and
(e) US$500,000 to be paid by the Company to LBI.

As announced on 13 June 2018, the Group completed the disposal of GLF. Further details surrounding the disposal of GLF as disclosed in note 26 to the financial statements.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

21. Events after the Reporting Date

The Company have no after balance date events to report.

22. Auditors' Remuneration

	2019 $	2018 $
Audit and review of financial reports:		
- RSM Australia Partners	**30,000**	60,000
- RSM Eastern Africa	**-**	16,990
	30,000	76,990
Non-audit services:		
- Independent Expert Report	**-**	10,000
	-	10,000

Notes to the Financial Statements

23. Operating Segment

Management has determined the operating segments based on the geographical reports reviewed by the board of directors that are used to make strategic decisions. The Company has mineral exploration operations in the Democratic Republic of Congo (DRC), investments operated in Ukraine by Next-Battery Ltd (see note 10) and its head office located in Australia. The Company previously controlled entities with mineral production operations in Uganda and mineral exploration operations in the USA.

30 June 2019	Australia $	USA	Ukraine $	DRC $	Uganda $	Total $
Revenue						
Other income	57,880	-	-	-	-	57,880
Total segment revenue	57,880	-	-	-	-	57,880
Result						
Segment result	(668,044)	-	-	(67,351)	-	(735,395)
Assets and Liabilities at 30 June 2019						
Segment assets	555,113	-	755,951	-	-	1,311,064
Segment liabilities	(265,840)	-	-	-	-	(265,840)

30 June 2018	Australia $	USA	Ukraine $	DRC $	Uganda $	Total $
Revenue						
Sales to external customers	-	-	-	-	1,076,020	1,076,020
Other income	467,908	-	-	-	-	467,908
Gain from disposal of subsidiaries	10,879	-	-	-	-	10,879
Total segment revenue	478,787	-	-	-	1,076,020	1,554,807
Result						
Segment result	(941,808)	-	-	-	(819,456)	(1,761,264)
Gain on disposal of discontinued operations	-	-	-	-	1,481,186	1,481,186
	(941,808)	-	-	-	661,730	(280,078)
Assets and Liabilities at 30 June 2018						
Segment assets	1,881,909	-	-	-	-	1,881,909
Segment liabilities	(436,948)	-	-	-	-	(436,948)

Notes to the Financial Statements

24. Cash Flow Information

Reconciliation of Cash Flow from Operations

	2019 $	2018 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax for the year	**(755,395)**	(280,078)
Depreciation and amortisation	**-**	147,447
Other income – waiver of debts	**-**	(467,908)
Revaluation loss	**3,614**	213,690
Loss on debt for equity swap	**-**	142,910
Foreign exchange loss	**1,768**	-
Exploration costs written off	**67,351**	149,633
Interest expense share-based payments	**129,724**	49,103
Director fees paid in shares	**-**	159,999
Accounting fees paid in shares	**-**	40,000
Public relations fees share-based payments	**33,362**	40,000
Consultants and travel expense share-based payments	**50,030**	-
Gain on disposal of subsidiaries	**-**	(1,492,065)
Movements in assets and liabilities:		
- Trade and other receivables	**9,310**	71,419
- Inventory	**-**	(40,059)
- Other assets	**-**	(89,579)
- Trade and other payables	**(38,010)**	402,550
- Provisions	**-**	69,735
Net Cash used in Operating Activities	**(498,246)**	(883,203)

Notes to the Financial Statements

24. Cash Flow Information (cont'd)

Non-Cash Investing Activities

Year ended 30 June 2019
On 22 October 2018, the Company entered into a subscription and shareholder agreement with Next Metals Ltd to acquire up to a 35% interest in Next-Battery Ltd under which the Company must issue 10,000,000 performance shares to Next-Battery Ltd as per note 18 to the financial statements.

Year ended 30 June 2018
On 13 June 2018, $4,721,484 in trade and other payables were forgiven as part of the disposal of GLF Holdings Ltd as per note 26 to the financial statements.

Non-Cash Financing Activities

Year ended 30 June 2019
On 20 July 2018, 11,087,500 listed options were issued as part settlement of convertible loans to the Company as per note 18 to the financial statements.

On 20 July 2018, 7,000,000 unlisted options were issued as part of a service agreement with the Company as per note 18 to the financial statements.

On 30 November 2018, 10,000,000 unlisted options were granted as part of a service agreement with 1620 Capital as per note 18 of the financial statements.

Year ended 30 June 2018
On 31 May 2018, 24,505,723 ordinary shares and 12,252,862 free attaching options were issued as settlement of outstanding trade creditors and director fees under the entitlement issue shortfall.

On 31 May 2018, 56,425,000 ordinary shares and 13,750,000 free attaching options were issued as settlement of convertible loans to the Company.

25. Directors and Key Management Disclosures

Key management personnel compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the consolidated entity's key management personnel for the year ended 30 June 2019.

	2019 $	2018 $
Short-term employee benefits	**192,000**	174,999
Consulting fee	**-**	-
Total	**192,000**	174,999

Notes to the Financial Statements

Notes to the Financial Statements

26. Disposal of Subsidiaries and Discontinued Operations

Disposal of US Subsidiaries

Description

On 18 September 2017 the Company sold ABM Mining Corporation Limited and Magenta Mountain Mining Corporation Limited (incorporated in the USA), subsidiaries of Hipo Resources Limited, for nil consideration, resulting in a profit before income tax of $10,879. As part of the sale agreement, HIP has paid $25,000, and is liable to pay a further $45,000 by 31 December 2018 in recognition of historic liabilities disposed.

Details of the disposal

	Consolidated	
	2019	**2018**
	$	**$**
Total sale consideration	-	-
Carrying amount of net liabilities disposed	-	80,879
Upfront settlement in recognition of liabilities disposed	-	(25,000)
Deferred settlement in recognition of liabilities disposed	-	(45,000)
Disposal costs	-	-
Gain on disposal before income tax	-	10,879
Gain on disposal after income tax	-	10,879

Disposal of GLF Group

Description

On 1 January 2018, the Company decided to discontinue operations of its wholly owned subsidiaries GLF Holdings Ltd, Industrial Minerals International Corporation Ltd, East African Vermiculite Pty Ltd and Namekara Mining Company Ltd (together the '**GLF Group**'), as management had made the decision to dispose of the GLF Group. Subsequently on 7 February 2018, the company entered into a Restructuring Heads of Agreement ('**HoA**') with Richmond Partners Masters Limited ('**RPML**') for the sale of the GLF Group for nil consideration, resulting in a profit before income tax of $1,481,186. The sale was finalised on 13 June 2018.

The key terms of the disposal were as follows:

(a) The Company to dispose of its interest in the Namekara Vermiculite Mine in exchange for the cancellation of all debt owed to RPML and LB International Ltd ('**LBI**'), extinguishment of any existing royalty obligation to RPML and transfer of the Company's interest in NMCL to RPML;

(b) RPML to transfer its shareholding in the Company to a third-party financier;

(c) HIP/BMZ to retain, subject to a minimum expenditure obligation of US$1,000,000 per annum for 3 years, and a commitment to take the project into commercial production within another 2 years, a 75% interest in its existing Busumbu Phosphate project as well as all other non-vermiculite minerals currently held by NMCL;

(d) RPML to be free carried in respect of the residual 25% interest in respect of point (c); and

(e) US$500,000 to be paid by the Company to LBI.

Notes to the Financial Statements

26. Disposal of Subsidiaries and Discontinued Operations (cont'd)

Financial performance information

	Consolidated	
	2019 $	2018 $
Revenue from operations	-	1,076,020
Cost of sales	-	(1,298,730)
Other operating costs	-	(13,568)
Finance costs	-	(130,097)
Salary, wages and other employee benefits	-	(156,481)
Royalty	-	(12,820)
Consultants and travel	-	(14,699)
Depreciation	-	(147,447)
Other expenses	-	(121,634)
Profit before income tax expense	-	(819,456)
Income tax expense	-	-
Profit after income tax expense	-	(819,456)
Gain on disposal after income tax	-	1,481,186
Profit after income tax expense from discontinued operations	-	661,730

Cash flow information

	Consolidated	
	2019 $	2018 $
Net cash from operating activities	-	(343,943)
Net cash used in investing activities	-	307,318
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents from discontinued operations	-	(36,625)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2019 $	2018 $
Cash and cash equivalents	-	2,310
Trade and other receivables	-	130,765
Inventories	-	698,517
Other current assets	-	35,129
Plant and equipment	-	606,279
Exploration and evaluation expenditure	-	352,475
Mine properties	-	2,884,390
Total Assets	-	4,709,865
Trade and other payables	-	970,708
Borrowings	-	1,091,703
Provisions	-	71,960
Total liabilities	-	2,134,371
Net assets	-	2,575,494

Notes to the Financial Statements

26. Disposal of Subsidiaries and Discontinued Operations (cont'd)

Details of the disposal

	Consolidated 2019 $	Consolidated 2018 $
Deferred advisory fee and accrued interest forgiven	-	4,436,210
Capital investment fee forgiven	-	262,320
Royalties forgiven	-	22,955
Total sale consideration	-	4,721,485
Carrying amount of net assets disposed	-	(2,575,494)
Upfront settlement in recognition of outstanding loans	-	(664,805)
Gain on disposal before income tax	-	1,481,186
Gain on disposal after income tax	-	1,481,186

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, are in accordance with the *Corporations Act 2001* and:

    a. Comply with Australian Accounting Standards, which, as stated in accounting policy note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and

    b. Give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date;

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

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

This declaration is made in accordance with a resolution of the Board of Directors.

Maurice Feilich
Executive Chairman

Perth, Western Australia, 27 September 2019

ASX Additional Information

The following additional information is required by the Australian Securities Exchange. The information is current as at 24 September 2019.

1. Shareholdings

The issued capital of the Company as at 24 September 2019 is 386,510,456 ordinary fully paid shares, 106,421,373 listed options (exercisable at $0.02, on or before 30 June 2020), and 2,000,000 unlisted options (exercisable at $0.05, on or before 30 April 2020). All issued ordinary fully paid shares carry one vote per share.

(a) Distribution schedule and number of holders of equity securities as at 24 September 2019

	1 – 1,000	**1,001 – 10,000**	**10,001 – 100,000**	**100,001 – 1,000,000**	**1,000,001 – and over**	**Total**
Fully Paid Ordinary Shares	130	200	159	132	71	692
Listed Options – 2c 30.06.2020	12	35	54	46	32	179
Unlisted Options – 5c 30.04.2020	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 24 September 2019 is 443.

(b) 20 largest holders of quoted equity securities as at 24 September 2019

The names of the twenty largest holders of fully paid ordinary shares (ASX code: HIP) as at 24 September 2019 are:

Rank	**Name**	**Shares**	**% of Total Shares**
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,416,750	7.09
2	CITICORP NOMINEES PTY LIMITED	18,911,672	4.89
3	BATTLE MOUNTAIN PTY LIMITED	17,574,575	4.55
4	CLAYMORE VENTURES LIMITED	13,500,000	3.49
5	INVESTMET LIMITED	11,250,000	2.91
6	ROOKHARP CAPITAL PTY LIMITED	10,000,000	2.59
7	MR JOSEPHUS JEFFREY VERHEGGEN	9,429,093	2.44
8	FILMRIM PTY LTD	8,653,374	2.24
9	NAZDALL PTY LTD	8,000,000	2.07
10	MR RONALD BOWEN + MRS AGNES BOWEN <CANDY SUPER FUND A/C>	7,500,000	1.94
11	FLOURISH SUPER PTY LTD <FLOURISH S/F A/C>	7,500,000	1.94
12	JOHN WARDMAN & ASSOCIATES PTY LTD	7,150,000	1.85
13	MR MICHAEL SHIRLEY	7,000,000	1.81
14	SEEFELD INVESTMENTS PTY LTD <SEEFELD A/C>	6,800,000	1.76
15	MR VICTOR LORUSSO	6,500,000	1.68
16	2428 PTY LTD	6,300,000	1.63
17	MS JACQUELINE BRYER	6,000,000	1.55
18	924 PTY LTD <ZOLOTO S/F A/C>	5,500,000	1.42

Rank	Name	Shares	% of Total Shares
19	COVE STREET PTY LTD <THE COVE STREET A/C>	5,471,733	1.42
20	MR DAMON JOSEPH VERHEGGEN	5,157,000	1.33
	TOTAL	**195,614,197**	**50.61**

Stock Exchange Listing – Listing has been granted for 386,510,456 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange under (ASX:HIP), and 106,421,373 listed options (exercisable at $0.02, on or before 30 June 2020) under (ASX:HIPO).

The unquoted securities on issue as at 24 September 2019 are detailed below in part (d).

(c) Substantial shareholders

Substantial shareholders in Hipo Resources Ltd and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

Name	Shares	% of Total Shares
Richmond Partners Master Limited	27,641,577	7.31%

(d) Unquoted Securities

The number of unquoted securities on issue as at 24 September 2019:

Unquoted Security	Number on Issue
Unlisted Options – exercisable at 2c expiring on 31.10.2020	7,000,000
Unlisted Options – exercisable at 5c expiring on 30.04.2020	2,000,000

(e) Holder Details of Unquoted Securities

Optionholders that hold more than 20% of a given class of unquoted securities as at 24 September 2019 other than options issued under an employee incentive scheme:

Security	Name	Number of Securities
Unlisted Options – exercisable at 2c expiring on 31.10.2020	Waldorf and Statler	7,000,000
Unlisted Options – exercisable at 5c expiring on 30.04.2020	L1 Capital Opportunities Master Fund	2,000,000

(f) Restricted Securities as at 24 September 2019

The Company has no restricted securities as at 24 September 2019.

(g) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options have no voting rights.

(h) On-Market Buy-Back

The Company is not currently undertaking an on-market buy-back.

(i) Corporate Governance

The Board of Hipo Resources Ltd is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at http://www.hiporesources.com.au/corporate/corporate-governance.aspx .

(j) Application of Funds

During the financial year, Hipo Resources Ltd confirms that it has used its cash and assets (in a form readily convertible to cash) in a manner which is consistent with the Company's business objectives.

Competent Persons Statement

The information in this Report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Kazadi S-B. Barry and Steffen Kalbskopf, who are Members of SACNASP. Mr Kazadi and Kalbskopf have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kazadi and Kalbskopf consent to the inclusion in this Report of the matters based on the information in the form and context in which they appear.

Mining Claim Schedule

Mining Tenement (Claim)	Reference (BLM Serial No.)	Interest Held
Namekara Mining Company Limited, Uganda		
MINING LICENSE 4651	ML 4651	Nil[1]

The Company retains a 75% farm-in right in the Busumbu Phosphate Project (refer announcement 15 June 2018), which sits within ML 4651 and EL 1534. As announced on 15 June 2018, Hipo and Namekara Mining Company reached an agreement with African Minerals Ventures Ltd to earn 51% of the Busumbu Phosphate