



# ORMINEX

ABN 45 008 740 672

**ANNUAL FINANCIAL REPORT**  
**For the year ended 30 June 2019**

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## **CORPORATE DIRECTORY**

### **Directors**

Mr Daryl Henthorn – Executive Chairman

Mr John Correia – Non-Executive Director

Michael Foulds – Non-Executive Director

### **Company Secretary**

Ms Kelly Moore

### **Registered and Principal Office**

Level 1, 1A

1 Agnew Way

Subiaco WA 6008

### **Postal address**

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### **Auditors**

Moore Stephens Perth

Level 15 Exchange Tower

2 The Esplanade

Perth WA 6000

### **Share Registry**

Automic Registry Services

Level 2, 267 St Georges Terrace

Perth WA 6000

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### **ASX Code**

Ordinary Shares- ASX Code: ONX

## DIRECTORS' REPORT

The Directors present their report together with the financial statements of Orminex Limited ('the Company' or 'Orminex') and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2019 and the auditor's report thereon.

### 1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name and position	Experience, qualifications, special responsibilities and other directorships
<b>Daryl Henthorn</b> Executive Chairman Non-Independent Appointed: 19 June 2017 Length of Appointment: 2 years and 3 months  Current interest held: 38,917,665 shares 2,060,096 options	<p>Mr Henthorn has over 30 years of experience in financial services, advisory and operational management across a number of industry sectors and has broad commercial skills. Mr Henthorn's company, Viridian Equity Group Pty Ltd, holds AFSL 343442 and is authorised to issue and deal in financial products and has acted for a number of public and private companies in mining and property.</p> <p>Mr Henthorn has experience in equity raising, debt, private equity and the structuring of financial instruments for ASX listed and private companies. He has served on the board of public companies previously and acts as trustee for unlisted investment vehicles.</p> <p>Mr Henthorn is a non-executive director of Redbank Copper Limited (ASX: RCP). Mr Henthorn is currently a non-executive director of Redbank Copper Limited. Mr Henthorn has not held any other listed directorships in the last 3 years.</p>
<b>Michael Foulds</b> Non-Executive Director Non-Independent Appointed: 2 August 2019 Length of Appointment: 2 months  Current interest held: 115,226,758 shares 342,466 options	<p>Mr Foulds holds a Bachelor of Engineering in Mining Engineering, First Class Mine Managers Certificates in both Western Australia and the Republic of Fiji and is a Member of the Australian Institute of Company Directors. Mr Foulds worked as a Mining Engineer and Mine Manager at various operations between 1985 and 1995 following which he became both a major shareholder and Company Director in a number of private enterprises, including GBF Mining Pty Ltd.</p> <p>Mr Foulds has not held any other listed directorships in the last 3 years.</p>
<b>John Correia</b> Non-Executive Director Non-Independent Appointed: 16 April 2018 Length of Appointment: 1 year and 5 months  Current interest held: 9,190,774 shares 407,465 options	<p>Mr John Correia has over 28 years in the banking and corporate finance sector. Mr Correia worked with BankWest for several years in resources finance, including leading the Corporate Banking team before managing the Bank of Scotland's Perth project finance business.</p> <p>In 2007, Mr Correia joined PCF Capital Group, a boutique adviser to the mining sector as Director Corporate Finance, responsible for project finance and also involved in financial modelling, project sales, valuations and strategic advisory. Whilst at PCF he was a co-founder and a director of MinesOnline.com.</p> <p>Mr Correia established licenced finance broker C4 Capital in 2014, which was awarded AFG's Best Commercial Loan Writer award in 2016 and the MFAA's WA Commercial Broker award in 2017.</p> <p>Mr Correia has not held any other listed directorships in the last 3 years.</p>

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**For the year ended 30 June 2019**

<b>Emmanuel Correia</b> Former Non-Executive Director Non-Independent Appointed: 16 April 2018 Resigned: 31 August 2019 Length of Appointment: 1 year and 4 months  Current interest held: 8,946,907 shares 475,959 options	<p>Mr Emmanuel Correia is a Chartered Accountant with over 28 years' experience in the provision of corporate finance advice to a diverse client base both in Australia and in overseas markets. He is a co-founder and director of Peloton Capital, holder of AFSL 406040.</p> <p>Mr Correia specialises in the provision of corporate advice in relation to private and public capital raisings, mergers and acquisitions, corporate strategy and structuring, IPO's, project and company valuations. Mr Correia holds a number of public company directorships and is also very actively involved in the management and development of a large private property portfolio.</p> <p>Mr Correia also spent a number of years in corporate finance for J.P. Morgan, Deloitte and the Transocean Group in Australia.</p> <p>Mr Correia is currently a director of Canyon Resources Limited (ASX: CAY) and Argent Minerals Limited (ASX: ARD).</p>
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**2. COMPANY SECRETARY**

**Ms Kelly Moore**  
Company Secretary  
Appointed: 13 February 2018

Ms Moore is a qualified Chartered Accountant and Company Secretary with extensive experience in providing accounting and secretarial advice to public companies. Ms Moore holds a Bachelor of Commerce degree from the University of Western Australia, is a member of the Institute of Chartered Accountants Australia and New Zealand, is a graduate of the Australian institute of company directors and an associate member of the Governance Institute of Australia.

**3. DIRECTORS' MEETINGS**

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2019, and the number of meetings attended by each Director was:

Director	Full meetings of Directors	
	No. of meetings attended	No. of meetings held whilst a Director
Daryl Henthorn	6	6
Emmanuel Correia	6	6
John Correia	6	6

In addition to the above meetings, a number of circular resolutions were passed by Directors on matters of significance.

**4. PRINCIPAL ACTIVITIES**

The principal activity of the Group is to be an Australian gold development company, with a focus on sourcing, developing and managing stranded, high grade gold assets into production. The Company has a 51% Joint Venture interest in the Comet Vale Project which is currently in production and 100% ownership of the Golden Lode, Happy Jack and Penny's Find Projects.

## **5. REVIEW OF OPERATIONS**

### **COMET VALE PROJECT**

The Group owns 51% of the high-grade Comet Vale Project through a joint venture with Sand Queen Gold Mines Ltd. The Comet Vale Project comprises a historic open pit and underground gold mine located ~100 km northwest of Kalgoorlie with an approved mine plan.

#### *Mining Development Update*

Mining development at Comet Vale progressed well during the year. The decline advanced below the 4.3 level, including completion of the 4 level and 4.3 level accesses, with the focused on accessing the 4.6 level. The widths and grades of the ore along the strike on the 4.3 level exceeded expectation. Access development is also nearing the intersection of the orebody on the 5 level, which further enhances the mine's progress to steady state production.

Mining at the 4.3 level intersected a rare 'jewellery box' of visible gold. A single face cut provided coarse, visible high-grade gold which is hosted in a strongly laminated quartz vein.

#### *Gold Pours and Processing*

During the year, the Company completed two gold pours after processing of remnant ore from Comet Vale. The gold pours have been from additional ore which did not form part of the current mine plan.

On 15 April 2019, GBF Mining Pty Ltd ('GBF') advised Orminex that they had entered into a new Toll Milling Agreement for the processing of ore from the Comet Vale project at the Lakewood Gold Processing Facility ('Lakewood').

Ore processing of the first mine plan campaign was recently completed at the Lakewood Mill. This campaign processed a total of 20,628t of ore, which included 17,050t from underground mining operations at the Kings Bounty mine located within the Comet Vale gold project and 3,578t of ore from previous open cut mining that was stockpiled onsite at the Penny's Find gold project.

The processing campaign resulted in total gold production of 1,818 recovered ounce, at 94% recovery from Kings Bounty at an average head grade of 3.53g/t. This is above expectations given the campaign comprised predominantly development ore from the 4.3 level. Grade is expected to improve as the ratio of production ore to development ore increases as stoping continues to ramp up in line with the mine plan.

The 3,578t of ore processed from Penny's Find produced 251 recovered gold ounces with an average grade of 2.75 g/t. The next processing campaign is planned for early October at the Lakewood Mill. With underground mining progressing in line with the mine plan at Kings Bounty, there is currently 8,500t of broken ore on the ROM pad ready for transport and processing. A further 60,000t of toll milling capacity has been secured at Lakewood Mill for future campaigns.

Orminex's strategic partner has secured the Burbanks Processing Mill, which positions Orminex as a fully integrated gold producer, and will enable Orminex to treat ore from multiple projects including Kings Bounty, Penny's Find and other Mineral Venture's projects. Acquisition of the Burbanks processing mill provides Orminex with a significant operational advantage and complete autonomy over the entire processing operations including scheduling and costs.

#### *Updated Long Section*

During the year, the Company provided an updated long section showing the current mine plan, current decline level, historical mine information and previously announced drill results for the Comet Vale project (refer to ASX announcement released on 14 January 2019 for further details). Previously announced drill results below the 6-level show multiple high-grade hits up to 200m below the existing mine plan. Successful further resource definition drilling could potentially support extending the current mine plan.

#### *Ore Sampling and High Grades*

The gold bearing structure at Comet Vale has been sampled along the strike and up dip in the slot rises and the assay results have provided good grades and indicate the high grade potential of the project.

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Sampling and assaying of the 10.2 metre long, 3.3 level north slot rise has produced an uncut average grade of 32.39g/t. Face sampling of the 3.6 level north ore drive also demonstrates the high-grade potential for the project with the average grade of the ore drives being extremely encouraging (refer to ASX announcement released on 16 April 2019 for further details).

**HAPPY JACK PROJECT**

On 16 August 2018, the Group announced the consolidation of its tenement position through the acquisition of the Happy Jack tenement – P29/2217, which is surrounded by the Company's Comet Vale tenements.

The Happy Jack tenement was previously mined circa 1890 and an approved program of works is currently in place to undertake drilling and exploration activities.

The tenement was purchased for \$60,000 plus 1% net smelter royalty.

**PENNY'S FIND GOLD MINE**

On 7 May 2019, the Company finalised its agreement with Empire Resources Ltd (ASX: ERL) to acquire 100% of the Penny's Find Gold Mine ('Penny's Find'). Consideration for the acquisition consists of staged cash payments totalling \$600,000 and a net smelter royalty of 5% on the first 50,000 ounces produced and thereafter 2.5% for the life of the mine.

Penny's Find is located 50km northeast of Kalgoorlie in Western Australia and is strategically located within 1 hour's drive from Orminex's operational Comet Vale mine. This will provide operational efficiencies for GBF during start-up and mining.

Penny's Find has 56,000 ounces of high-grade gold mineralisation hosted by quartz veins at the contact between sediments and basalt. Metallurgical test work has shown fresh mineralisation to be free milling with a high gravity recoverable gold component and a total gold recovery which has historically exceeded 90%.

The underground 2012 JORC compliant mineral resource of 248,000 tonnes at 7.04g/t Au (refer to Table 1 below) extends from the base of the completed open pit to at least 250m below surface and remains open at depth. The underground resource only reports fresh mineralisation and is defined by a 1.5g/t Au lower cut-off wireframe model.

<b>Table 1: Penny's Find Gold Mine</b>			
<b>Reportable in situ Mineral Resource below completed open pit</b>			
<b>Fresh mineralisation only</b>			
<b>Class</b>	<b>Tonnes</b>	<b>Au g/t</b>	<b>Ounces</b>
Indicated	147,000	8.06	38,000
Inferred	101,000	5.57	18,000
<b>TOTAL</b>	<b>248,000</b>	<b>7.04</b>	<b>56,000</b>

Refer to ASX announcement released on 4 March 2019 for full JORC details relating to Penny's Find for which there have been no material changes. As at the date of this report, there has been no change in the Company's mineral resources other than for mining depletion.

**Competent person's statement**

The information in this release concerning the Mineral Resources for the Penny's Find Deposit have been estimated by Mr Peter Ball B.Sc who is a director of DataGeo Geological Consultants and is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Ball has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and qualifies as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ball consents to the inclusion in this public release of the matters based on his information in the form and context in which it appears.

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A summary of the governance and controls applicable to the Company's mineral resource process is as follows:

- Review and validation of drilling and sampling methodology and data spacing, geological logging and data collection and storage, sampling and analytical quality control;
- Review of known and interpreted geological structure, lithology and weathering controls;
- Review and estimation methodology relevant to the mineralisation style;
- Visual validation of block model against raw data; and
- Internal peer review by senior consultant personnel.

## **CORPORATE UPDATE**

### *Change of Registered Office and Principal Place of Business*

Effective 9 July 2018, the Company changed the address of its registered office and principal place of business to Level 1, 1A Agnew Way, Subiaco WA 6008.

### *Small Share Parcels Facility*

On 6 August 2018, the Company closed the share sale facility for shareholders who, on 21 June 2018, held a parcel of ordinary fully paid shares valued at less than \$500. The final number of shares sold under the facility was 83,991 ordinary shares from 1,567 holders.

### *Expiry of Unlisted Options*

During the year, 27,698 unlisted options in the Company expired. Refer to the announcement on 17 December 2018 for further detail.

## **Financial results and condition**

The loss for the financial year ended 30 June 2019 attributable to members of Orminex Limited after income tax was \$736,481 (2018: \$1,770,838).

The Group has a working capital surplus of \$1,002,243 (2018: surplus \$4,861,829) and net cash outflows of \$3,294,045 (2018: inflows \$4,423,702).

## **Summary of results**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	-	-
Other income	297,205	240,093
Loss before income tax	(736,481)	(1,770,838)
Income tax expense	-	-
Loss attributable to owners	(736,481)	(1,770,838)
Other comprehensive loss	-	-
Underlying loss per share (cents)	(0.14)	(1.58)
Shares in issue at reporting date	539,102,168	538,554,223
Weighted average number of shares	538,666,814	112,038,771

## **Significant changes in the state of affairs**

In the opinion of the directors there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those matters referred to in the overview above.



## **6. DIVIDENDS**

The Directors recommend that no dividend be provided for the year ended 30 June 2019 (2018: Nil).

## **7. LIKELY DEVELOPMENTS**

Likely developments in the operations of the Company are set out in the above review of operations in this annual report. Any future prospects are dependent upon the results of future exploration and evaluation.

## **8. EVENTS SUBSEQUENT TO REPORTING DATE**

Other than the matters disclosed in note 6.7 of the notes to the consolidated financial statements, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

## **9. ENVIRONMENTAL REGULATION**

The Group is subject to environmental regulation in relation to its exploration activities. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any breaches during the period covered by this report.

## **10. SHARE OPTIONS**

At the date of this report unissued ordinary shares of the Company under option are:

<b>Details</b>	<b>No.</b>
Exercisable at \$0.03 on or before 15-Apr-21	9,452,055

All unissued shares are ordinary shares of the Company. These options do not entitle the holder to participate in any share issue of the Company.

### **Shares issued on exercise of options**

During the reporting period, 547,945 shares were issued as a result of the exercise of options. No other shares were issued as a result of the exercise of options.

### **Options expired**

27,698 options expired during the reporting period.

## **11. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

During the financial year, the Company paid an insurance premium to insure the Directors and key management of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Group has agreed to indemnify each of the Directors and the Company Secretary of the Company and its controlled entity, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Company Secretary of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. No agreements have been entered into to indemnify the Group's auditors against any claims by third parties arising from their report on the Annual Financial Statements.

## 12. NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of these non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did 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.

Details of the amounts paid to the auditor of the Company, Moore Stephens – Audit Perth, and its related practices for non-audit services provided during the year are set out below:

	2019 \$	2018 \$
<b>Non-Audit Services</b>		
<b>Moore Stephens – Audit Perth</b>		
Independent expert's report	-	34,553
Investigating accountant's report	-	19,750
Preparation of income tax returns	17,500	-
<b>Total remuneration for non-audit services</b>	<b>17,500</b>	<b>54,283</b>

## 13. PROCEEDINGS ON BEHALF OF THE GROUP

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

## 14. REMUNERATION REPORT - AUDITED

The Directors present the Company's 2019 Remuneration Report prepared in accordance with the Corporations Act 2001. The Report sets out the detailed remuneration information for Non-executive Directors, Executive Directors and other Key Management Personnel ('KMP') of the Group.

The report contains the following sections:

- Remuneration governance
- Executive remuneration strategy and framework
- Board and management changes
- Service contracts
- Key management personnel remuneration
- Analysis of bonuses included in remuneration
- Other KMP disclosures
- Voting and comments made at the Company's 2018 Annual General Meeting

## **14. REMUNERATION REPORT – AUDITED (continued)**

### **(a) Remuneration governance**

The remuneration of Directors and key management is the responsibility of the Board.

### **(b) Executive remuneration strategy and framework**

Remuneration is referred to as compensation throughout this report.

Compensation levels for key management personnel of the Group are set to attract, retain and motivate appropriately qualified and experienced Directors and Executives. As the Group's principal activities during the year were new ventures and exploration / evaluation, measurement of remuneration policies against financial performance is not considered relevant. The measurement of remuneration policies considered a range of factors including budget performance, delivery of results and timely completion of development programmes.

The objective of the Group's reward framework is to ensure that remuneration policies and structures are fair and competitive. The Board ensures that remuneration satisfies the following criteria for reward:

- competitiveness and reasonableness;
- transparency;
- attracts and retains high calibre executives; and
- rewards capability and experience.

#### ***Fixed compensation***

Fixed compensation consists of base compensation plus employer contributions to superannuation funds (unless otherwise stated). Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group and compares compensation to ensure it is comparable and competitive within the market in which the Group operates.

Fixed compensation is not "at risk" but is appropriately benchmarked and set with reference to role, responsibilities, skills and experience.

#### ***Performance-linked compensation***

Performance-linked compensation can consist of both short-term and longer-term remuneration. Performance-linked remuneration is not based on specific financial indicators such as earnings or dividends as the Group is at the exploration and development stage. Vesting of long term incentives is based on the share price performance of the Group, which is considered an appropriate measure of the outcome of overall performance. There is no separate profit-share plan.

#### ***Long-term incentive***

Long-term incentives ('LTI') can comprise share options and/or performance rights ('PR'), which are granted from time to time to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder value. Options and rights are granted for no consideration and do not carry voting rights or dividend entitlements.

The Company adopted an Employee Incentive Option Plan ('EIOP') effective 16 March 2018. Under the EIOP, the Company may grant options to Company eligible employees to motivate and reward their performance in their respective roles up to a maximum of 5% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is estimated using the Black-Scholes Simulation model.

The Company has not awarded options to Directors and consultants under the EIOP to date.

#### ***Consequences of performance on shareholder wealth***

The overall level of key management personnel compensation takes into account the performance of the Company over a number of years, although no remuneration is directly linked with financial performance.

#### 14. REMUNERATION REPORT – AUDITED (continued)

Financial performance in respect of the current financial year is detailed below:

Shareholder returns	2019	2018
Net loss attributable to equity holders	(\$736,481)	(\$1,770,838)
Basic EPS	(\$0.14)	(\$1.58)
Share price at year end	\$0.155	\$0.11
Market capitalisation	\$83.56m	\$59.24m

Given the Company's recapitalisation during the previous financial year, only from 2018 has been included above as the financial performance in previous financial years is not comparable.

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders. The Group's financial performance is impacted by a number of factors.

As the Group is still in the exploration and development phase of its operations, and as such does not generate revenue, the share price and thus the Company's market capitalisation is the only indicator of the Group's overall performance.

##### (c) Board and management changes

There were no Board or management changes during the year.

##### (d) Service contracts

On appointment to the Board, all Directors enter into a letter of appointment with the Company specifying their functions and duties as a Director.

Executive remuneration and other terms of employment are formalised in service agreements. The service agreements outline the components of compensation paid to the Executives and key management personnel ('KMPs') but do not prescribe how compensation levels are modified year by year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performance by KMPs and any changes required to meet the principles of the compensation policy. The major provisions of the agreement relating to remuneration are set out below.

Name	Term of agreement	Base fee
Daryl Henthorn – Executive Chairman	Executive Director appointed until resignation as a Director or by rotation. Appointment termination immediately if disqualified or prohibited by law from acting as a director.	\$180,000 pa

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**14. REMUNERATION REPORT - AUDITED (continued)**

**(e) Key management personnel remuneration**

Name		Short-term employee benefits			Post-employment benefits	Share based payments		
		Director and Consulting fees \$	Non-monetary Benefits \$	Total \$	Super-annuation \$	Shares \$	Options \$	Total \$
<b>Executive Directors</b>								
Daryl Henthorn	2019	190,000	-	190,000	-	-	-	190,000
	2018	43,000	-	43,000	-	-	-	43,000
<b>Non-executive Directors</b>								
Emmanuel Correia	2019	75,000	-	75,000	-	-	-	75,000
	2018	12,500	-	12,500	-	-	-	12,500
John Correia	2019	75,000	-	75,000	-	-	-	75,000
	2018	12,500	-	12,500	-	-	-	12,500
Stephen Brockhurst	2019	-	-	-	-	-	-	-
	2018	18,000	-	18,000	-	-	-	18,000
Steve Formica	2019	-	-	-	-	-	-	-
	2018	18,000	-	18,000	-	-	-	18,000
<b>Total key management personnel remuneration</b>	<b>2019</b>	<b>340,000</b>	<b>-</b>	<b>340,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,000</b>
	<b>2018</b>	<b>104,000</b>	<b>-</b>	<b>104,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,000</b>

#### 14. REMUNERATION REPORT - AUDITED (continued)

##### (f) Analysis of bonuses included in remuneration

No short-term incentive cash bonuses have been awarded as remuneration to Directors of the Company.

##### (g) Other KMP disclosures

###### *Loans from a Director*

There were no loans from Directors during the current financial year.

During the previous financial year, working capital funding of \$100,000 and \$50,000 was provided to the Company by Director Daryl Henthorn and former Director Steve Formica respectively. The loans are unsecured with no set date of repayment and were entered into on normal commercial terms. The loans were repaid in May 2018.

###### *Other transactions with KMP and / or their related parties*

These transactions are disclosed in detail at note 6.3.

###### *Options over equity instruments granted as compensation*

During the reporting period, no options were issued to Directors of the Company as compensation.

###### *Options over equity instruments*

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

	Held at 1 July 2018	Movements in Holding	Held at Resignation	Held at 30 June 2019	Vested and exercisable at 30 June 2019
<b>Executive Director</b>					
Daryl Henthorn	2,060,096	-	-	2,060,096	2,060,096
<b>Non-Executive Directors</b>					
Emmanuel Correia	475,959	-	-	475,959	475,959
John Correia	407,465	-	-	407,465	407,465
<b>Total</b>	<b>2,943,520</b>	<b>-</b>	<b>-</b>	<b>2,943,520</b>	<b>2,943,520</b>

###### *Movements in shares*

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

	Held at 1 July 2018	Movements in Holding	Held at Resignation	Held at 30 June 2019
<b>Executive Director</b>				
Daryl Henthorn	38,917,665	-	-	38,917,665
<b>Non-Executive Directors</b>				
Emmanuel Correia	8,946,907	-	-	8,946,907
John Correia	9,190,774	-	-	9,190,774
<b>Total</b>	<b>57,055,346</b>	<b>-</b>	<b>-</b>	<b>57,055,346</b>

Shareholdings of Directors as disclosed above have not changed post year end.

**14. REMUNERATION REPORT - AUDITED (continued)**

**(h) Voting and comments at the Company's 2018/19 Annual General Meeting**

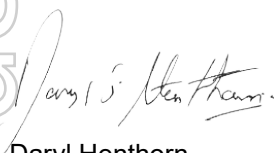
The Company received 100% of "yes" votes on its remuneration report for the 30 June 2018 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year on its remuneration practices.

**END OF REMUNERATION REPORT - AUDITED**

**15. LEAD AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001, is included in the Directors' Report for the financial year ended 30 June 2019.

This Directors' Report is made in accordance with a resolution of the Directors.



Daryl Henthorn  
Executive Chairman  
Orminex Limited

30 September 2019

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2 The Esplanade  
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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ORMINEX LIMITED**

As lead auditor of Orminex Limited, I declare, that to the best of my knowledge and belief, during the financial year ended 30 June 2019, there have been:

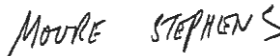
(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Orminex Limited and the entities it controlled during the financial year.



**SL TAN  
PARTNER**



**MOORE STEPHENS  
CHARTERED ACCOUNTANTS**

Signed at Perth this 30<sup>th</sup> day of September 2019.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 June 2019**

	Note	2019 \$	2018 \$
<b>Assets</b>			
Cash and cash equivalents	4.1	1,529,700	4,823,745
Trade and other receivables	4.2	77,353	172,864
Prepayments		55,000	3,917
<b>Total current assets</b>		<b>1,662,053</b>	<b>5,000,526</b>
Exploration and evaluation	3.1	7,717,164	6,834,124
Property, plant and equipment		31,930	33,235
Trade and other receivables	4.2	3,267,672	1,009,863
<b>Total non-current assets</b>		<b>11,016,766</b>	<b>7,877,222</b>
<b>Total assets</b>		<b>12,678,819</b>	<b>12,877,748</b>
<b>Liabilities</b>			
Trade and other payables	4.3	659,810	138,697
<b>Total current liabilities</b>		<b>659,810</b>	<b>138,697</b>
<b>Total liabilities</b>		<b>659,810</b>	<b>138,697</b>
<b>Net assets</b>		<b>12,019,009</b>	<b>12,739,051</b>
<b>Equity</b>			
Issued Share capital	5.1	295,661,554	295,645,115
Accumulated losses		(283,642,545)	(282,906,064)
<b>Total equity attributable to equity holders of the Company</b>		<b>12,019,009</b>	<b>12,739,051</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30 June 2019**

	Note	2019 \$	2018 \$
<b>Revenue from operating activities</b>			
Other income	2.2	297,205	36,823
Gain on forgiveness of debt	2.2	-	203,270
<b>Expenses</b>			
Professional fees	2.3	(658,931)	(511,995)
Listed entity expenses		(68,336)	(145,253)
Share based payments		-	(1,200,860)
Travel expenses		(38,948)	(8,307)
Other expenses		(145,511)	(70,390)
Stamp duty		(118,655)	-
Depreciation		(3,305)	-
<b>Results from operating activities</b>		(736,481)	(1,696,712)
Finance costs	2.4	-	(74,126)
<b>Loss before income tax</b>		(736,481)	(1,770,838)
Income tax expense	2.5	-	-
<b>Loss for the year from continuing operations</b>		(736,481)	(1,770,838)
<b>Loss for the year attributable to members of Orminex Ltd</b>		(736,481)	(1,770,838)
<b>Earnings per share (cents per share)</b>			
Basic and diluted (cents per share)	2.6	(0.14)	(1.58)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 June 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Loss for the year</b>	<b>(736,481)</b>	<b>(1,770,838)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation difference of foreign operations	-	-
Total items that may be reclassified subsequently to profit or loss	-	-
<b>Total comprehensive loss for the year</b>	<b>(736,481)</b>	<b>(1,770,838)</b>
<b>Loss attributable to owners of the Company</b>	<b>(736,481)</b>	<b>(1,770,838)</b>
<b>Total comprehensive loss attributable to owners of the Company</b>	<b>(736,481)</b>	<b>(1,770,838)</b>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 June 2019**

	Share capital	Accumulated Losses	Total
	\$	\$	
Balance at 1 July 2018	295,645,115	(282,906,064)	12,739,051
Loss for the year	-	(736,481)	(736,481)
Total other comprehensive loss for the year	-	-	-
<b>Total comprehensive loss for the year</b>	-	(736,481)	(736,481)
<b>Transactions with owners, recorded directly in equity:</b>			
<b>Contributions by and distributions to owners</b>			
Issue of shares on exercise of options	16,439	-	16,439
<b>Total contributions by and distributions to owners</b>	16,439	-	16,439
<b>Total transactions with owners</b>	16,439	-	16,439
<b>Balance at 30 June 2019</b>	295,661,554	(283,642,545)	12,019,009

	Share capital	Accumulated Losses	Total
	\$	\$	
Balance at 1 July 2017	280,506,000	(281,135,226)	(629,226)
Loss for the year	-	(1,770,838)	(1,770,838)
Total other comprehensive loss for the year	-	-	-
<b>Total comprehensive profit for the year</b>	-	(1,770,838)	(1,770,838)
<b>Transactions with owners, recorded directly in equity:</b>			
<b>Contributions by and distributions to owners</b>			
Issue of shares on acquisition of controlled entities	6,600,000	-	6,600,000
Issue of shares under Public Offer	7,000,000	-	7,000,000
Share based payments	1,200,860	-	1,200,860
Issue of shares on conversion of convertible note	804,126	-	804,126
Issue of shares under private placement	200,000	-	200,000
Capital raising costs	(665,871)	-	(665,871)
<b>Total contributions by and distributions to owners</b>	15,139,115	-	15,139,115
<b>Total transactions with owners</b>	15,139,115	-	15,139,115
<b>Balance at 30 June 2018</b>	295,645,115	(282,906,064)	12,739,051

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 June 2019**

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		-	-
Cash paid to suppliers and employees		(1,046,529)	(841,844)
Interest received		39,396	26,960
Refund received relating to prior periods		193,748	-
<b>Net cash used in operating activities</b>	4.1b	(813,385)	(814,884)
<b>Cash flows from investing activities</b>			
Payment for exploration and evaluation		(412,523)	(13,039)
Payment for mine development		(70,448)	-
Payment for property, plant and equipment		(14,128)	(33,235)
<b>Net cash used in investing activities</b>		(497,099)	(46,274)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	5.1	16,439	7,200,000
Proceeds from borrowings		-	300,774
Transfer to creditor's trust		-	(400,043)
Payment of capital raising costs		-	(665,871)
Repayment of borrowings		-	(150,000)
Payment of working capital facility		(2,000,000)	(1,000,000)
<b>Net cash from financing activities</b>		(1,983,561)	5,284,860
<b>Net (decrease) / increase in cash and cash equivalents</b>		(3,294,045)	4,423,702
Cash and cash equivalents at 1 July		4,823,745	400,043
<b>Cash and cash equivalents at 30 June</b>	4.1a	1,529,700	4,823,745

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

### SECTION 1 BASIS OF PREPARATION

In preparing the 2019 financial statements, the Company has grouped notes into sections under six key categories:

1. Basis of preparation
2. Results for the year
3. Assets and liabilities relating to exploration and evaluation
4. Working capital disclosures
5. Equity and funding
6. Other disclosures

Significant accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

#### 1.1 GENERAL INFORMATION

The Company is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Level 1, 1A, Agnew Way, Subiaco WA 6008.

The Group is an Australian gold development company, with a focus on sourcing, developing and managing stranded, high grade gold assets into production.

The consolidated financial statements of the Group as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and were authorised for issue by the Board of Directors on 30 September 2019. The financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Accounting Standards Board ("AASB"). The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- have been prepared on a historical cost basis, except for share-based payments which are measured at fair value. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars, being the Company's functional currency.
- adopt all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2018. Refer to note 6.12 for further details; and
- do not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective. Refer to note 6.13 for further details.

## **1.2 BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

## **1.3 IMPAIRMENT**

### **Non-financial assets**

At each reporting date, the Group reviews the carrying amount of its non-financial assets, other than deferred tax assets ('DTA's'), to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit ('CGU').

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

## **1.4 ACCOUNTING JUDGEMENTS AND ESTIMATES**

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

- *Note 2.5* - *Income tax expense*
- *Note 6.1* - *Share-based payments*

## **1.5 GOING CONCERN**

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Company and Group do not continue as a going concern.

## SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group, with disclosures including segmental information, components of the operating profit, taxation and earnings per share.

### Key estimates and assumptions in this section

#### Deferred taxation

The Group has unrecognised carry forward tax losses which can be utilised against future taxable profits. Given that the Group is not yet in production, the tax asset has not yet been recognised.

### 2.1 OPERATING SEGMENTS

#### Information about reportable segments

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

The Group currently operates in one operating segment being gold exploration and evaluation.

Reportable segments disclosed are based on aggregating leases where the evaluation and exploration interests are considered to form a single project. This is indicated by:

- having the same ownership structure;
- exploration being focused on gold; and
- exploration programs targeting the leases as a group, indicated by the use of the same exploration team, shared geological data and knowledge across the leases.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating leases, are determined in accordance with *AASB 8 Operating Segments*.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss during the year ended 30 June 2019.

### 2.2 OTHER INCOME

#### Accounting Policy

Other income is recognised when the amount can be reliably measured and control of the right to receive the income be passed to the Group.

#### Finance income

Interest is recognised using the effective interest method.

	2019 \$	2018 \$
<i>Other operating income</i>		
Interest received - other	39,396	26,960
Interest received – working capital facility	257,809	9,863
	297,205	36,823
<i>Non-operating income</i>		
Gain on forgiveness of debt (i)	-	203,270
	297,205	240,093

(i) Loans in 100% owned subsidiary Golden Lode Pty Ltd to the value of \$203,270 were forgiven during the prior financial year



## 2.3 PROFESSIONAL FEES

### Accounting Policy

#### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits is the amount of the future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

#### **Share-based payments**

The policy relating to share-based payments is set out in note 6.1.

The table below sets out personnel costs expensed during the year.

	Note	2019 \$	2018 \$
Directors' remuneration	6.3	340,000	104,000
Consulting fees		79,451	132,440
Accountancy and audit costs		157,449	150,896
Legal fees		82,031	124,659
		<b>658,931</b>	<b>511,995</b>

## 2.4 FINANCE COSTS

### Accounting Policy

Finance costs comprise interest expense on borrowings. Interest expense on short term borrowings is recognised as it accrues in profit or loss, using the effective interest method.

	Note	2019 \$	2018 \$
<b>Interest expense on financial liabilities measured at amortised cost</b>			
Interest on convertible notes		-	74,126
Net finance expenses recognised in profit or loss		<b>-</b>	<b>74,126</b>

## 2.5 INCOME TAX EXPENSE

### Accounting Policy

Income tax expense comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted rates at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

### (a) Amounts recognised in profit or loss

	2019 \$	2018 \$
<b>Current tax benefit</b>		
Current period	-	-
Adjustment for prior periods	-	-
<b>Deferred tax benefit</b>		
Origination and reversal of temporary differences	-	-
<b>Total income tax benefit</b>	-	-

## 2.5 INCOME TAX EXPENSE (continued)

### (b) Reconciliation of effective tax rate

	2019 \$	2018 \$
Loss for the period	(736,481)	(1,770,838)
Income tax at the tax rate of 27.5% (2018: 27.5%)	(202,532)	(486,980)
Non-deductible expenses	-	-
Adjustment for prior periods	-	-
Other permanent adjustments	202,532	486,980
Tax losses not brought to account	-	-
	-	-
<b>Tax Losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	-	-

As a result of the recapitalisation process, the Company is unable to accurately assess the deferred tax asset not brought to account attributable to carry forward tax losses. Whilst no value has been attributed to carry forward tax losses at this time, the Company will in due course undertake a comprehensive review to assess whether or not any value can be realised from past tax losses.

The benefit of these tax losses will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legalisation continue to be complied with;
- no changes in tax legislation adversely affect the Group in realising the benefit; and
- satisfaction of either the continuity of ownership or the same business test.

## 2.6 LOSS PER SHARE

Loss per share ('EPS') is the amount of post-tax profit or loss attributable to each share. The calculation of basic loss per share at 30 June 2019 has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Diluted EPS takes into account the dilutive effect of all potential ordinary shares, being share options on issue.

### **Loss per share attributable to ordinary shareholders**

	2019	2018
Net loss attributable to ordinary shareholders - \$	(736,481)	(1,770,838)
Weighted average number of ordinary shares at 30 June	538,666,814	112,038,771
Basic earnings/loss per share (cents)	(0.14)	(1.58)
Diluted earnings/ loss per share (cents) *	(0.14)	(1.58)

\* At 30 June 2019, 9,452,055 (2018: 10,027,698 options) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

### SECTION 3 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at the year end.

#### 3.1 EXPLORATION AND EVALUATION

##### Accounting Policy

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to above is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

	2019	2018
	\$	\$
<b>Exploration assets</b>		
Opening balance	6,834,124	-
Acquisition of Comet Vale – fair value <sup>2</sup>	-	6,000,000
Acquisition of Golden Lode – fair value	-	623,213
Exploration expenditure acquired	-	184,057
Acquisition of Happy Jack <sup>1</sup>	60,000	-
Acquisition of Penny's Find <sup>3</sup>	600,000	-
Exploration expenditure capitalised	223,040	26,854
Closing balance	7,717,164	6,834,124

**<sup>1</sup> Happy Jack Tenement**

Acquisition of Happy Jack tenement - On 16 August 2018, the Group completed the acquisition of Happy Jack tenement (P29/2217) for \$60,000 plus 1% net smelter royalty. Refer to Note 6.4 for further details.

**<sup>2</sup> Comet Vale Project**

On 15 May 2018, the Company announced that mining had commenced at Comet Vale. On 23 August 2018, the Company announced the first gold production of 202 ounces from the project and on 14 January 2019 the second gold pour was announced after processing a further 5,000 t of ore.

Under the Mine Management Agreement with the Company's strategic partner, GBF Mining Pty Ltd ('GBF'), the Company will not incur a debt or liability to GBF in relation to mining costs incurred on the basis that GBF's right to recover costs and a margin is a limited recourse right to recover or be paid such amounts from proceeds from sale of gold products recovered from mining at Comet Vale. To the extent the proceeds from the sale of gold products are insufficient to cover the total costs of GBF, GBF will not recover or be paid the amount of the insufficiency. As such, as at 30 June 2019 the Company has not recognised any gold inventory from the Comet Vale gold pours completed and will not recognise inventory until it is entitled to receive proceeds – once all of the agreed mining costs and a margin has been recovered by GBF from the sale of gold products. Refer to Note 6.4 for further details.

**<sup>3</sup> Penny's Find Project**

During the financial year, the Company, through its wholly owned subsidiary Orminex Penny's Find Pty Ltd, acquired 100% of Penny's Find Gold Mine from Empire Resources Ltd ('Empire'). Refer to note 6.4 for further detail.

## SECTION 4 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Group and working capital position at year end.

### 4.1 CASH AND CASH EQUIVALENTS

#### Accounting Policy

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (a) Reconciliation of cash and cash equivalents

	Note	2019 \$	2018 \$
Cash and cash equivalents in the statement of cash flows	6.2	1,529,700	4,823,745

The perceived credit risk is low as cash and cash equivalents are with authorised deposit taking institutions.

#### (b) Reconciliation of cash flows from operating activities

##### Cash flows from operating activities

Loss for the period	(736,481)	(1,770,838)
<i>Adjustments for:</i>		
Add back gain on forgiveness of debt	-	(203,270)
Less depreciation	3,305	-
Less finance costs	-	74,126
Less share based payments	-	1,200,860
Increase in accounts receivable	(162,298)	(182,727)
Increase in other current assets	(51,083)	(1,167)
Increase in accounts payable	133,172	68,132
<b>Net cash used in operating activities</b>	<b>(813,385)</b>	<b>(814,884)</b>

## 4.2 TRADE AND OTHER RECEIVABLES

### Accounting Policy

Trade receivables are recognised initially at the value of the invoice sent to the counter-party and are subsequently measured using a forward looking "expected credit loss" (ECL) model. Refer to note 6.12 for further discussion on the application of the expected credit loss model under AASB 9 Financial Instruments.

	2019 \$	2018 \$
Trade receivables	-	-
Other receivables	77,353	172,864
Working capital facility – GBF Mining Pty Ltd	3,267,672	1,009,863
	<b>3,345,025</b>	<b>1,182,727</b>
Current	77,353	172,864
Non-current	3,267,672	1,009,863
	<b>3,345,025</b>	<b>1,182,727</b>

Information about the Group's exposure to credit and market risks is included in note 6.2.

The Company has entered into a working capital facility with GBF Mining Pty Ltd to partially meet initial working capital costs for mining at Comet Vale. The facility incurs interest at 10% per annum.

## 4.3 TRADE AND OTHER PAYABLES

### Accounting Policy

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. The amounts are unsecured and are usually paid at the end of the month following date of recognition.

	2019 \$	2018 \$
<b>Current</b>		
Trade payables	68,550	88,897
Other payables and accrued expenses	591,260	49,800
	<b>659,810</b>	<b>138,697</b>
<b>Non-current</b>	-	-

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 6.2.

## SECTION 5 EQUITY AND FUNDING

This section focuses on the share capital, options and debt funding available to the Group at year end.

### 5.1 CAPITAL AND RESERVES

#### Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### Share capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2019	2018	2019	2018
<b>Movements in ordinary shares on issue:</b>				
<b>On issue at 1 July</b>	<b>538,554,223</b>	<b>268,894,893</b>	<b>295,645,115</b>	<b>280,506,000</b>
<i><b>Shares issued and expensed during the period:</b></i>				
Capital consolidation	-	(266,825,635)	-	-
Issue of shares to Orminex West Pty Ltd vendors (refer to note 6.4)	-	200,000,000	-	6,000,000
Issue of shares to Golden Lode Pty Ltd vendors (refer to note 6.4)	-	20,000,000	-	600,000
Issue of shares under Public Offer	-	233,333,333	-	7,000,000
Issue of Adviser shares (refer to note 6.1)	-	10,445,333	-	313,360
Issue of Facilitator shares (refer to note 6.1)	-	20,000,000	-	600,000
Issue of shares to settle convertible notes plus interest (refer to note 5.2)	-	40,206,299	-	804,126
Issue of shares under private placement	-	10,000,000	-	200,000
Issue of shares to Sand Queen Gold Mines Pty Ltd (refer to note 6.1)	-	2,500,000	-	287,500
Issue of shares on option conversion	547,945	-	16,439	-
Capital raising costs	-	-	-	(665,871)
<b>On issue at 30 June</b>	<b>539,102,168</b>	<b>538,554,223</b>	<b>295,661,554</b>	<b>295,645,115</b>

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new share issues by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation. All issued shares are fully paid.



5.1 CAPITAL AND RESERVES (continued)

Options

Options on issue:

	2019	2018
Exercisable at \$31.20 on or before 21-Dec-18	-	6,156
Exercisable at \$20.80 on or before 20-Dec-18	-	6,156
Exercisable at \$28.60 on or before 20-Dec-18	-	4,616
Exercisable at \$28.60 on or before 20-Dec-18	-	4,616
Exercisable at \$39.00 on or before 20-Dec-18	-	6,154
Exercisable at \$0.03 on or before 15-Apr-21	9,452,055	10,000,000

On issue at 30 June

9,452,055 10,027,698

Movements in options on issue:

On issue at 1 July

10,027,698 6,800,000

Exercise of options	(547,945)	-
Expiry of options	(27,698)	(3,200,000)
Consolidation of capital	-	(3,572,302)
Issue of options	-	10,000,000

On issue at 30 June

9,452,055 10,027,698

## **SECTION 6 OTHER DISCLOSURES**

The disclosures in this section focus on share schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

### **Key estimates and assumptions in this section**

#### **Share-based payments**

The fair value of share options is measured using the binomial options pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the company's historic volatility, particularly over the historic period commensurate with the expected term) and weighted average expected life of the instruments (based on historical experience), expected dividends (if any) and the risk-free interest rate (based on government bonds). Service and non-market conditions are not taken into account in determining fair value.

### **6.1 SHARE-BASED PAYMENTS**

#### **Accounting Policy**

The Company provides benefits to individuals acting as, and providing services similar to employees (including directors) in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Incentive Option Plan in place, which provides benefits to directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

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

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share.

## **6.1 SHARE-BASED PAYMENTS (continued)**

The share-based payment expense included within the consolidated statement of profit or loss can be broken down as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Completion of the Public Offer and ASX Re-Listing</b>		
Shares issued to advisers and facilitators of the Public Offer and ASX Re-Listing (note 6.1-1)	-	913,360
<b>Consulting Fees</b>		
Shares issued in consideration for consultancy fees (note 6.1-2)	-	287,500
<b>Total</b>	<b>-</b>	<b>1,200,860</b>

### **6.1-1 Completion of Public Offer and ASX Re-Listing (prior year)**

During the previous financial year, the Company issued 10,445,333 adviser shares to related parties for the provision of corporate advice to the Company. The shares were approved for issue at an extraordinary meeting of shareholders held on 16 March 2018 and valued at \$0.03 per share (the issue price of the Public Offer). Viridian Equity Group Pty Ltd, an entity controlled by Mr Daryl Henthorn, was issued 3,481,777 adviser shares, Jashmeeka Pty Ltd, an entity controlled by Mr John Correia, was issued 3,481,778 adviser shares and Peloton Advisory Pty Ltd, an entity controlled by Mr Emmanuel Correia, was issued 3,481,778 adviser shares.

During the previous financial year, the Company issued 20,000,000 facilitator shares for the provision of facilitation services provided to the Company relating to corporate advice, deal structure, managing relationships with stakeholders and assisting with the Company's financial structure to undertake all matters relating to the proposed acquisitions of the WA gold assets. The shares were approved for issue at an extraordinary meeting of shareholders held on 16 March 2018 and valued at \$0.03 per share (the issue price of the Public Offer). Of the 20,000,000 facilitator shares issued, 13,333,333 were issued to related parties. 6,666,666 shares were issued to Lantech Developments Pty Ltd, an entity controlled by Mr Daryl Henthorn, and 6,666,667 shares were issued to Stevsand Investments Pty Ltd, an entity controlled by Mr Stephen Formica.

### **6.1-2 Consulting Fees (prior year)**

On 25 May 2018, the Company issued 2,500,000 shares to Sand Queen Gold Mines Pty Ltd for services provided to the Joint Venture in advancing and facilitating the commencement of mining operations. The shares were valued at \$0.115 per share, the closing price on the ASX on issue date.

### **6.1-3 Asset Acquisitions**

During the previous financial year, the Company acquired 51% of the voting shares of Orminex West Pty Ltd which collectively holds 100% of the Comet Vale Project. Consideration payable to the vendor was 200,000,000 fully paid ordinary shares in the Company. The fair value of the shares was determined to be \$6,000,000 by reference to the price of the shares of the capital raising completed by the Company as part of re-listing on the Australian Securities Exchange. Refer to note 6.4 for further detail

During the previous financial year, the Company acquired 100% of the voting shares of Golden Lode Pty Ltd which collectively holds 100% of the Golden Lode Project. Consideration payable to the vendor was 20,000,000 fully paid ordinary shares in the Company. The fair value of the shares was determined to be \$600,000 by reference to the price of the shares of the capital raising completed by the Company as part of re-listing on the Australian Securities Exchange. 6,666,667 of the vendor shares were issued to Lantech Developments Pty Ltd, an entity controlled by Mr Daryl Henthorn. Refer to note 6.4 for further detail.

## 6.2 FINANCIAL RISK MANAGEMENT

### Accounting Policy

#### Classification of financial instruments

The financial assets and liabilities of the Group are classified into the following financial statement captions in the statement of financial position in accordance with AASB 9 *Financial Instruments* and AASB 132 *Financial Instruments: Presentation*

- Loans and receivables – separately disclosed as cash and cash equivalents and trade and other receivables;
- Financial liabilities measured at amortised cost – separately disclosed as borrowings and trade and other payables

Judgement is required when determining the appropriate classification of the Group's financial instruments. Details on the accounting policies for measurement of the above instruments are set out in the relevant note.

#### Recognition and de-recognition of financial assets and liabilities

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the statement of financial position when contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

### Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

## 6.2. FINANCIAL RISK MANAGEMENT (continued)

### Credit risk (continued)

#### Cash and cash equivalents

The Group held cash and cash equivalents of \$1,529,700 at 30 June 2019 (2018: \$4,823,745). The cash and cash equivalents are held with authorised banking institutions and only with counterparties that have an acceptable credit rating.

#### Other receivables

As the Group operates primarily in exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

At 30 June 2019, the maximum exposure to credit risk for other receivables by geographic region was as follows:

	Carrying amount	
	2019 \$	2018 \$
Australia	3,267,672	1,009,863
	<u>3,267,672</u>	<u>1,009,863</u>

Currently, the Group undertakes exploration and evaluation activities exclusively in the Australia. As the Group is not trading there are no financial assets past due and there is no management of credit risk through performing an aging analysis; therefore, an aging analysis has not been disclosed.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities excluding the impact of netting arrangements:

	Carrying amount \$	Contractual cash flows \$	12 months or less \$
<b>30 June 2019</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	(659,810)	(659,810)	(659,810)
	<u>(659,810)</u>	<u>(659,810)</u>	<u>(659,810)</u>
<b>Financial assets-cash flow receivables</b>			
Cash and cash equivalents	1,529,700	1,529,700	1,529,700
Trade and other receivables	3,345,025	3,345,025	77,353
	<u>4,874,725</u>	<u>4,874,725</u>	<u>1,607,053</u>
<b>Net outflow on financial instruments</b>	<u>4,214,915</u>	<u>4,214,915</u>	<u>947,243</u>

6.2. FINANCIAL RISK MANAGEMENT (continued)

30 June 2018

**Non-derivative financial liabilities**

Trade and other payables

**Financial assets-cash flow receivables**

Cash and cash equivalents

Trade and other receivables

**Net outflow on financial instruments**

Carrying amount \$	Contractual cash flows \$	12 months or less \$
(138,697)	(138,697)	(138,697)
(138,697)	(138,697)	(138,697)
4,823,745	4,823,745	4,823,745
1,182,727	1,182,727	172,864
6,006,472	6,006,472	4,996,609
4,546,351	4,546,351	4,857,912

The balances above will not always agree to the financial statements as the contractual cash flows above are undiscounted. The carrying amount is the balance as recognised in the statement of financial position.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no change to the manner in which the Group manages market risk from the previous year.

**Interest rate risk**

The Group only has interest rate risk relating to its funds on deposit with banking institutions. Accordingly, the Group does not hedge its interest rate risk exposure.

Exposure to interest rate risk

The interest rate profile of the Group's variable interest bearing financial instruments as reported to management of the Group is as follows:

**Variable rate instruments**

Cash and cash equivalents

Carrying amount	
2019 \$	2018 \$
1,529,700	4,823,745
1,529,700	4,823,745

Fair value sensitivity analysis for fixed rate instruments

The Group has a working capital facility with GBF Mining Pty Ltd to partially meet initial working capital costs for mining at Comet Vale which incurs interest at 10% per annum (See Note 4.2 for further details).

The Group does not account for any other fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

## 6.2. FINANCIAL RISK MANAGEMENT (continued)

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for twelve months ended 30 June 2019.

		Profit or loss	
		100 bp increase \$	100 bp decrease \$
<b>30 June 2019</b>			
Variable rate instruments		15,297	(15,297)
Cash flow sensitivity		15,297	(15,297)
<b>30 June 2018</b>			
Variable rate instruments		58,336	(58,336)
Cash flow sensitivity		58,336	(58,336)

At the reporting date the Group did not hold any variable rate financial liabilities.

### **Fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurable date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurable date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Cash and cash equivalents, trade and other receivables, trade creditors, other creditors, accruals and employee entitlements have been excluded from the above analysis as their fair values are equal to the carrying values.

### 6.3 RELATED PARTIES

Key management personnel compensation included in 'Directors' remuneration' (note 2.3) and 'share-based payments' (note 6.1), comprises the following:

		2019	2018
	Note	\$	\$
Short term employee benefits		340,000	104,000
Post-employment benefits		-	-
	2.3	340,000	104,000

#### Individual directors and executives' compensation disclosures

Information regarding individual directors and executive's compensation and some equity instruments disclosures as required by s300A of the Corporations Act 2001 and Corporations Regulations 2M.3.03 are provided in the Remuneration report section of the Directors' Report in section 14.

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

#### Other key management personnel transactions

A number of these companies transacted with the Company during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions to non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Viridian Capital Pty Ltd, a company of which Mr Daryl Henthorn is a director, charged the Company for Director fees of \$175,000 (2018: \$43,000) and consulting fees of \$15,000 (2018: \$nil), administrative services totalling \$67,698 (2018: \$221,971) and capital raising support totalling \$nil (2018: \$535,000). \$22,550 (2018: \$nil) was outstanding at year-end.

Cardrona Energy Pty Ltd, a company of which Mr Emmanuel Correia is a director, charged the Company for Director fees of \$60,000 (2018: \$12,500) and consulting fees of \$15,000 (2018: \$nil). \$10,000 (2018: \$nil) was outstanding at year-end.

C4 Capital Pty Ltd, a company of which Mr John Correia is a director, charged the Company for Director fees of \$60,000 (2018: \$12,500) and consulting fees of \$15,000 (2018: \$nil). \$10,000 (2018: \$nil) was outstanding at year-end.

Stevsand Investments Pty Ltd, a company of which Mr Steve Formica is a director, charged the Company for Director fees of \$nil (2018: \$18,000). No balance (2018: \$nil) was outstanding at year-end.

Mining Corporate Pty Ltd, a company of which Mr Stephen Brockhurst is a director, provided the Company with company secretary and accounting services totalling \$nil (2018: \$30,721) and Director fees of \$nil (2018: \$18,000). No balance (2018: \$nil) was outstanding at year-end.

During the previous reporting period, a number of share based payments were made to Directors of the Company. Refer to note 6.1 for further detail.



## **6.4 ENTITY AND ASSET ACQUISITIONS**

### **Acquisition – Penny’s Find Gold Mine**

During the financial year, the Company, through its wholly owned subsidiary Orminex Penny’s Find Pty Ltd, acquired 100% of Penny’s Find Gold Mine from Empire Resources Ltd (‘Empire’).

Consideration payable to Empire is as follows:

- Cash consideration payable in 3 tranches:
  - First payment of \$200,000 on signing of detailed documentation;
  - Second payment of \$200,000 on commencement of mining from M27/156; and
  - Third payment of \$200,000 on first gold pour from M27/156.
- Net smelter royalty of payable on the first 50,000 ounces produced from M27/156 and thereafter a 2.5% net smelter royalty for like of mine.

Refer to notes 3.1 and 6.10 for further detail.

### **Acquisition – Happy Jack Tenement**

During the financial year, the Company, through its wholly owned subsidiary Orminex Happy Jack Pty Ltd, acquired 100% of Happy Jack Tenement P29/2217.

Consideration payable is as follows:

- Cash consideration of \$60,000; and
- Net smelter royalty of 1% of gross revenue from any mineral extracted from the tenement.

Refer to note 3.1 for further detail.

### **Acquisition – Orminex West Pty Ltd**

During the previous financial year, the Company acquired 100% of the voting shares of Orminex West Pty Ltd which collectively holds 51% of the Comet Vale Project.

Consideration payable to the vendor was 200,000,000 fully paid ordinary shares in the Company. The fair value of the shares was determined to be \$6,000,000 by reference to the price of the shares of the capital raising completed by the Company as part of re-listing on the Australian Securities Exchange.

It is considered that the acquisition of Orminex West Pty Ltd is not a business combination, but rather an acquisition of assets.

The fair value of the identifiable assets and liabilities of the entities as at the date of acquisition are as follows:

	\$
<b>Purchase consideration comprises:</b>	
200,000,000 fully paid ordinary shares	6,000,000
Total consideration	<u>6,000,000</u>
<b>Net assets acquired:</b>	
Comet Vale Project intangible	6,000,000
Fair value of identifiable intangible assets	<u>6,000,000</u>

#### 6.4 ENTITY AND ASSET ACQUISITIONS (continued)

##### Acquisition – Golden Lode Pty Ltd

During the previous financial year, the Company acquired 100% of the voting shares of Golden Lode Pty Ltd which collectively holds 100% of the Golden Lode Project.

Consideration payable to the vendor was 20,000,000 fully paid ordinary shares in the Company. The fair value of the shares was determined to be \$600,000 by reference to the price of the shares of the capital raising completed by the Company as part of re-listing on the Australian Securities Exchange.

It is considered that the acquisition of Golden Lode Pty Ltd is not a business combination, but rather an acquisition of assets.

The fair value of the identifiable assets and liabilities of the entities as at the date of acquisition are as follows:

	\$
<b>Purchase consideration comprises:</b>	
20,000,000 fully paid ordinary shares	600,000
Total consideration	<u>600,000</u>
<b>Net assets acquired:</b>	
Cash and cash equivalents	375
Capitalised exploration assets	184,057
Trade and other payables	(207,645)
Golden Lode Project	623,213
Fair value of identifiable intangible assets	<u>600,000</u>

#### 6.5 SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Financial year end	Proportion of ownership interest and voting power held by the Group	
				2019 %	2018 %
Orminex West Pty Ltd	Exploration	Australia	30 June	100	100
Golden Lode Pty Ltd	Exploration	Australia	30 June	100	100
Orminex Happy Jack Pty Ltd	Exploration	Australia	30 June	100	-
Orminex Penny's Find Pty Ltd	Exploration	Australia	30 June	100	-
Old Pirate Pty Ltd	Exploration	Australia	30 June	100	100

**Orminex Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6.6 PARENT COMPANY DISCLOSURES**

As at, and throughout the financial year ended 30 June 2019, the parent entity of the Group was Orminex Limited (previously known as Mintails Limited).

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Results of the parent entity</b>		
Loss for the year	(813,932)	(1,980,077)
Other comprehensive income	-	-
Total comprehensive loss for the year	(813,938)	(1,980,077)
<b>Financial position of parent entity at year end</b>		
Current assets	1,623,038	4,995,295
Non-current assets	10,180,825	7,645,172
Total assets	11,803,863	12,640,467
Current liabilities	71,545	110,656
Non-current liabilities	-	-
Total liabilities	71,545	110,656
<b>Total equity of the parent entity comprising of:</b>		
Share capital	295,661,554	295,645,115
Accumulated losses	(283,929,236)	(283,115,304)
<b>Total equity</b>	<b>11,732,318</b>	<b>12,529,811</b>
<b>Commitments</b>		
<b>Office rent</b>		
Less than one year	28,463	30,088
One to 5 years	-	31,379
Total	28,463	61,467

**6.7 SUBSEQUENT EVENTS**

Subsequent to year end, Mr Michael Foulds was appointed to the Board as a Non-Executive Director on 9 August 2019 and Mr Emmanuel Correia resigned as Director effective 31 August 2019.

## 6.8 AUDITORS' REMUNERATION

	2019 \$	2018 \$
<b>Auditor remuneration</b>		
<b><i>Audit and other assurance services</i></b>		
Audit and review of financial reports – current year	30,664	24,500
Audit and review of financial reports – prior years	-	18,100
Total remuneration for audit and other assurance services	30,664	42,600
<b><i>Non-audit services</i></b>		
Independent expert's report / investigating accountant's report	-	54,283
Preparation of income tax returns	17,500	-
<b>Total auditor remuneration</b>	48,164	96,883

## 6.9 OPERATING LEASE COMMITMENTS

At 30 June 2019, the Group has commitments of \$28,463 (2018: \$61,467) principally relating to the rental of an office. The initial lease term is for two years commencing 1 June 2018, with an option to renew for an additional two years.

<b><i>Office rent</i></b>		
Less than one year	28,463	30,088
One to 5 years	-	31,379
Total	28,463	61,647

### Accounting policy

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the Consolidated Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

## 6.10 EXPLORATION COMMITMENTS

At 30 June 2019, the Group has commitments of \$382,380 (2018: \$51,889) principally relating to the minimum expenditure requirements for Golden Lode Project tenements.

### *Exploration expenditure*

Less than one year	339,460	51,889
One to 5 years	42,920	-
More than 5 years	10,000	-
Total	392,380	51,889

## 6.11 CONTINGENT LIABILITIES

The consideration payables on the acquisition of Happy Jack Tenement and Penny's Find Gold Mine include net smelter royalty contingent on milestones being met. Refer to Note 6.4 for further details.

There are no other contingent liabilities as at 30 June 2019 (2018: nil).

## 6.12 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except for the changes below, the Group has consistently applied the accounting policies set out in the notes to the consolidated financial statements to all periods presented in these consolidated financial statements.

The Group has adopted all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Group had to change its accounting policies as a result of adopting AASB 15 Revenue from Contract with Customer and AASB 9 Financial Instruments. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

### **a) AASB 9 Financial Instruments**

AASB 9 and the related amendments to other accounting standards introduced three significant areas of change from AASB 139 Financial Instruments: Classification and Measurement as follow:

- classification and measurement of financial assets and financial liabilities
- a new expected loss impairment model for determining impairment allowances and
- a redesigned approach to hedge accounting.

Items previously classified as loan and receivables under AASB 139 are now classified as financial assets at amortised costs however this has no impact to the Group's financial statement presentation. The adoption of AASB 9 from 1 July 2018 had an immaterial impact on the Group's financial statement. The accounting policy has been updated to align with AASB 9 and consequential adjustments to other standards.

### *New accounting policies*

#### **Classification of financial instruments**

The financial assets and liabilities of the Group are classified into the following financial statement captions in the statement of financial position in accordance with AASB 9 Financial Instruments:

- Financial assets measure at amortised cost – separately disclosed as cash and cash equivalents and trade and other receivables
- Financial liabilities measured at amortised costs – separately disclosed as borrowings and trade and other payables

Judgement is required when determining the appropriate classification of the Group's financial instruments.

Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. Details on the accounting policies for measurement of the above instruments.

**Recognition and de-recognition of financial assets and liabilities**

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial assets are no longer recognised in the statement of financial position when contractual cash flows expire or when the financial asset and substantially all the risks and rewards are transferred. Financial liabilities are derecognised when the instrument is extinguished, discharged, cancelled or expires.

**b) AASB 15 Revenue from Contracts with Customers**

The Group adopted AASB 15 as of 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. There is no significant impact in the financial statements on the adoption of AASB 15. The accounting policy has been updated as detailed below:

**New accounting policies**

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

**6.13 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2019.

Reference	Title	Summary	Application date of standard	Application date for the Group
			Periods beginning on or after	
AASB 16	Leases	<p>The new Standard introduces three main changes:</p> <ul style="list-style-type: none"> <li>- Enhanced guidance on identifying whether a contract contains a lease;</li> <li>- A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets;</li> <li>- Enhanced disclosures.</li> </ul> <p>Lessor accounting will not significantly change.</p> <p><u>Impact:</u> The Company has performed a preliminary impact assessment and has estimated that on 1 July 2019, the Company expects to recognise the right-of-use asset and lease liability of approximately \$94,774 respectively.</p>	1 January 2019	1 July 2019
AASB Interpretation 23	Uncertainty over Income Tax Treatments	<p>The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:</p> <ul style="list-style-type: none"> <li>• Whether an entity considers uncertain tax treatments separately</li> <li>• The assumptions an entity makes about the examination of tax treatments by taxation authorities</li> </ul>	1 January 2019	1 July 2019

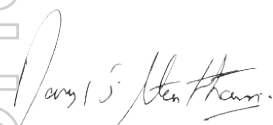
		<ul style="list-style-type: none"> <li>How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates</li> </ul> <p>How an entity considers changes in facts and circumstances.</p>		
AASB 2018-1	Annual Improvements to IFRS Standards 2015-2017 Cycle	<p>The amendments clarify certain requirements in:</p> <ul style="list-style-type: none"> <li>AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation 1 January 2019 1 July 2019</li> <li>AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity</li> </ul> <p>AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.</p>	1 January 2019	1 July 2019

## **DIRECTORS' DECLARATION**

The Directors of the Group declare that:

- 1 The financial statements and notes are in accordance with the Corporations Act 2001, and:
  - (a) comply with Accounting Standards, which as stated in accounting policy 1.1 to the financial statements, constitutes explicit and unreserved compliance with International Reporting Standards (IFRS), the Corporations Regulations 2001, and other mandatory reporting requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Group;
- 2 The Chief Executive Officer and Chief Financial Officer have each declared that:
  - (a) the financial records of the Group for the financial year have been properly maintained in accordance with section 266 of the Corporations Act 2001;
  - (a) the financial statements and note for the financial year comply with the Accounting Standards; and
  - (b) the financial statements and notes for the financial year give a true and fair view.
- 3 In the Directors' opinion, as set out in note 1.5, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Daryl Henthorn  
Executive Chairman  
Orminex Limited

30 September 2019



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ORMINEX LIMITED**

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**REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Opinion**

We have audited the financial report of Orminex Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- i. giving a true and fair view of the Group's financial position as at 30 June 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 Opinion**

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

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

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

**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.

**Accounting for Exploration & Evaluation Assets****Refer to Note 3.1 Exploration & Evaluation Assets**

At 30 June 2019, the Group's statement of financial position includes capitalised exploration and evaluation assets of approximately \$7.72 million, representing 61% and 64% of the Group's total and net assets respectively.

The ability to recognise and to continue to defer exploration and evaluation assets under AASB 6: *Exploration for and Evaluation of Mineral Resource* is impacted by the Group's ability, and intention, to continue to explore the tenements or its ability to realise this value through development or sale.

Due to the significance of these assets and the subjectivity involved in assessing the ability to continue to defer these assets, this is considered a key audit matter.

Our procedures included, amongst others:

- We addressed the Group's assessment of the ability to continue to defer the exploration and evaluation assets under AASB 6
- Ensuring that the Group has the ongoing right to explore in the relevant exploration areas of interests which included obtaining and assessing relevant documentation such as tenement registers (via Department of Mines WA) / other agreements;
- Ensuring the Group is committed to continue exploration and evaluation activity in the relevant exploration areas of interest including assessing their exploration expenditures that have been budgeted for;
- discussions with management, review of ASX announcements to-date on the Group's current activities and review of other documents.
- assessing the carrying value of these assets for any indicators of impairment including comparing against the Company's market capitalisation at balance date.

We also assessed the appropriateness of the disclosures contained in the financial report.

**Valuation of Loan Receivable****Refer to Note 4.2 Loan to GBF Mining Pty Ltd**

Valuation of receivables is a key audit matter.

It is due to the size of the account balance and the judgement required in determining the recoverability of its carrying value that is a key area of audit focus.

The loan is a working capital facility to GBF Mining Pty Ltd as set out in Note 4.2, amounting to approximately \$3.27 million as at 30 June 2019. The purpose of the facility is to partially fund the mining costs at the Comet Vale Project and is to be repaid from future gold sales.

This loan receivable is material to the Group.

Our procedures included, amongst others:

- Reviewing the underlying working capital agreement to ensure the loan has been accounted for and presented in accordance with the specified terms and conditions;
- Ensuring details of the loan are consistent with disclosures contained in the Company's Prospectus document previously announced to the ASX;
- Discussions with management concerning their basis of the loan classification and as to the existence of any dispute with the borrower, review of correspondence with the Company's legal advisors, review of the Group's 18-month cashflow forecast, and assessment of any expected credit loss-impairment considerations by management;
- Obtained direct confirmation from GBF Mining Pty Ltd of the year-end loan balance.

We also assessed the appropriateness of the disclosures contained in the financial report.

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### Responsibilities of the Directors for the Financial Report

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

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

### Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## REPORT ON THE REMUNERATION REPORT

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

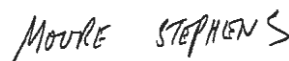
In our opinion, the Remuneration Report of Orminex Limited, for the financial year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

### *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.



SL TAN  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth on the 30<sup>th</sup> day of September 2019

ORMINEX LIMITED  
ACN 008 740 672  
(COMPANY)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as of 27 April 2018 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication "Corporate Governance Principles and Recommendations" 3<sup>rd</sup> edition (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan that provides the written terms of reference for the Company's corporate governance duties that is available on the Company's website at [www.orminex.com.au](http://www.orminex.com.au).

Due to the current size and nature of the existing Board, the Board has not established individual Board committees. Under the Board's Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b><i>Principle 1: Lay solid foundations for management and oversight</i></b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.  The Board Charter sets out the specific responsibility of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		<p>Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	YES	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		Company which sets out the terms of that Director's or senior executive's appointment.  The Company has written agreements with each of its Directors and senior executives.
<b>Recommendation 1.4</b>  The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
<b>Recommendation 1.5</b>  A listed entity should: <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period:               <ul style="list-style-type: none"> <li>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</li> <li>(ii) either:                   <ul style="list-style-type: none"> <li>the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the</li> </ul> </li> </ul> </li> </ul>	PARTIALLY	<ul style="list-style-type: none"> <li>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives if considered appropriate and to assess annually both the objectives and the Company's progress in achieving them.</li> <li>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.               <ul style="list-style-type: none"> <li>(i) The Board does not presently intend to set measurable gender diversity objectives because, if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from</li> </ul> </li> </ul>



RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>entity has defined “senior executive” for these purposes); or</p> <p>if the entity is a “relevant employer” under the Workplace Gender Equality Act 2012, the entity’s most recent “Gender Equality Indicators” as defined in that Act.</p>		<p>applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit; and</p> <p>(ii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year will be disclosed on the Company's website</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees, and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for each financial year in accordance with the above process.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p>	YES	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's</p>



RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		<p>Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the senior executives (if any) for each financial year in accordance with the applicable processes.</p>
<b>Principle 2: Structure the Board to add value</b>		
<p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p>	YES	<p>(a) The Company does not have a Nomination Committee. The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence, and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <p>(i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and</p> <p>(ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	NO	<p>Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board current has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Company intends to develop a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy will be made available on the Company's website.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		details as to each Director and senior executive's relevant skills and experience are available.
<b>Recommendation 2.3</b> A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	YES	(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. The Board considers that none of the current Directors are independent. (b) There are no independent Directors who fall into this category. The Company will disclose in its Annual Report and ASX website any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent. (c) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.
<b>Recommendation 2.4</b> A majority of the Board of a listed entity should be independent Directors.	NO	The Board Charter requires that, where practical, the majority of the Board must be independent. At this stage, due to the current size and nature of the existing Board and the magnitude of the Company's operations none of its directors are independent. As such, independent directors are not currently an independent majority of the Board. The Board does not currently consider an independent majority of the Board to be appropriate given: (a) the nature of the Company's business, and its limited scale of activities, means the Company only

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		needs, and can only commercially sustain, a small Board of three Directors:  (b) the Company considers at least one (1) Director needs to be executive Directors for the Company to be effectively managed.
<b>Recommendation 2.5</b>  The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	NO	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The Chair of the Company is not an independent Director. The Company does not have a CEO.</p> <p>The Board does not have an independent Chair because, at this stage in the Company's development, Mr Henthorn is best placed to fulfil this role.</p> <p>The Board has taken the following steps to structure the Board to add value despite not having an independent Chairman:</p> <p>(a) Board meetings are held with a flat structure allowing contribution from all Directors that allows for a diversity of views to be considered;</p> <p>(b) The Board may as necessary consider the appointment of an independent director who can fulfil the role whenever the Chair is conflicted.</p>
<b>Recommendation 2.6</b>  A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	YES	<p>In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Chair is</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		responsible for facilitating inductions and professional development.
<b>Principle 3: Act ethically and responsibly</b>		
<b>Recommendation 3.1</b> A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<b>Recommendation 4.1</b> The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and	YES	(a) The Company currently does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair. (b) The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting,

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p>(i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and</p> <p>(ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p><b>Recommendation 4.2</b></p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>These obligations of a Company's CFO or CEO (if any) are set out in the Company's Corporate Governance Plan.</p> <p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p> <p>The Company intends to obtain a sign off on these terms for each of its financial statements in each financial year.</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 5: Make timely and balanced disclosure</b>		
<b>Recommendation 5.1</b> A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.
<b>Principle 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material in that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.



RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	<p>The Shareholder Communication Strategy states that, securityholders can register with the Company to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<b>Principle 7: Recognise and manage risk</b>		
<b>Recommendation 7.1</b> The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director,</li> </ul> and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul>	YES	<ul style="list-style-type: none"> <li>(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company). with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.</li> <li>(b) The Company does not have an Audit and Risk Committee as the Board consider the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework:</li> </ul>



RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.		(i) the Board devotes time at quarterly Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
<b>Recommendation 7.2</b> The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound. (b) The Company's Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the company's risk management framework has taken place.
<b>Recommendation 7.3</b> A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function. (b) The Company does not have an internal audit function. The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes. The Company does not have a formal internal audit function due to its size.
<b>Recommendation 7.4</b>		The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Board) to assist management determine whether the Company has any material exposure to economic, environmental, and social sustainability risks and, if it does, how it manages or intends to manage those risks.  The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental, and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.
<b>Principle 8: Remunerate fairly and responsibly</b>		
<b>Recommendation 8.1</b> The Board of a listed entity should: (a) have a remuneration committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul>	YES	(a) The Company does not have a Remuneration Committee. The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company). with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.  (b) The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		and ensuring that such remuneration is appropriate and not excessive:  (i) the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives
<b>Recommendation 8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior Directors which is disclosed on the Company's website.
<b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	The Company has an equity based incentive remuneration scheme. The scheme includes a requirement that the holder does not enter into any transaction that will limit their economic exposure, whether by derivatives, swap, hedge or otherwise.  A copy of the Company's incentive scheme is available on the Company's ASX website.

## STOCK EXCHANGE INFORMATION

The shareholder information set out below was applicable as at 27 September 2018:

### 1. Distribution of ordinary shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	74	6,044	0.00%
1,001 - 5,000	93	334,192	0.06%
5,001 - 10,000	93	723,330	0.13%
10,001 - 100,000	438	19,982,876	3.71%
100,001 - 9,999,999,999	278	518,028,726	96.10%
<b>Totals</b>	<b>976</b>	<b>539,075,168</b>	<b>100.00%</b>

The number of holders with an unmarketable holding is 136, holding a total of 192,315 shares amounting to 0.04% of Issued Capital.

### 2. Twenty largest shareholders

Position	Holder Name	Holding	% IC
1	MERRYSOUL PTY LTD <FOULDS FAMILY A/C>	100,000,000	18.55%
2	ROLEN PTY LTD	100,000,000	18.55%
3	LANTECH DEVELOPMENTS PTY LTD <DAC FAMILY A/C>	38,917,665	7.22%
4	TPIC PTY LTD	33,333,334	6.18%
5	STEV SAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	17,669,772	3.28%
6	CARLOWEN PTY LTD <CARLOWEN UNIT A/C>	13,333,333	2.47%
7	FCAT INVESTMENTS PTY LTD <FCAT SUPER A/C>	9,000,000	1.67%
8	MR JOHN SERGIO CORREIA <JASHMEEKA A/C>	8,024,107	1.49%
9	MR WAYNE MCGRATH	6,666,667	1.24%
10	COCO HOLDINGS LIMITED	6,666,667	1.24%
11	SPASEVSKI HOLDINGS PTY LTD <SPASEVSKI HOLDINGS NO 2 A/C>	6,500,000	1.21%
12	MRS JO PACKER	5,166,667	0.96%
13	MRS DIONNE CHERIE RYLE <BJM FAMILY A/C>	4,425,699	0.82%
14	SANDANA PTY LTD <ANASAND SUPER FUND A/C>	4,212,260	0.78%
15	MR GREGORY JOHN SHARPLESS & MRS JENNIFER LEE SHARPLESS <SHARPLESS INVESTMENT A/C>	4,021,000	0.75%
16	MR JACK PACKER	3,717,949	0.69%
17	MS NYREE CORREIA <THE EMMANUEL CORREIA A/C>	3,546,267	0.66%
18	MR ARIEL EDWARD KING	3,500,000	0.65%
19	WHIMPLECREEK PTY LTD <STAWELL FAMILY A/C>	3,450,000	0.64%
20	MR ANTHONY VAN LIESHOUT & MRS MEGAN VAN LIESHOUT <M&J VAN LIESHOUT FAMILY A/C>	3,398,334	0.63%
	<b>Totals</b>	<b>375,549,721</b>	<b>69.68%</b>
	<b>Total Issued Capital</b>	<b>539,075,168</b>	<b>100.00%</b>

3. **Voting rights**

**Ordinary shares**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

**Options and rights**

No voting rights.

4. **Substantial shareholders**

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

Shareholder Name	No. of Ordinary Shares	Percentage %
Daryl Henthorn	38,917,665	7.23
Michael Foulds and Ross Graham	221,161,766	41.02

4. **On-Market Buy Back**

There is no current on-market buy back.

5. **Unquoted Equity Securities**

**Options – 14 holders**

Class	Number	Holders with more than 20%
Options over ordinary shares exercisable at \$0.03 on or before 15 April 2021	9,452,055	- Lantech Developments <DAC Family A/C> (20.60%) - Stevsand Investments Pty Ltd <Steven Formica Family A/C> (20.55%)

6. **Restricted securities**

The Company has a total of 269,651,632 shares and 10,000,000 unlisted options on issue that are subject to restriction as detailed below:

Security	Restriction Period	Number
Fully paid, ordinary shares	24 months from 7 May 2018	263,129,434
Unlisted options	24 months from 7 May 2018	6,773,835

INTERESTS IN MINING TENEMENTS HELD

Project	Tenement	Location	Ownership at the beginning of the year	Ownership at the end of the year	Acquired during the year	Disposed of during the year
Comet Vale Project	E29/927 L29/67 M29/35 M29/52 M29/85 M29/185 M29/186 M29/197 M29/198 M29/199 M29/200 M29/201 M29/232 M29/233 M29/235 M29/270 M29/321	Western Australia	51%	51%	-	-
Golden Lode Project	P30/1100 P30/1101 P30/1102 P30/1103 P30/1104 P30/1105 P30/1131	Western Australia	100%	100%	-	-
Happy Jack Project	P29/2271	Western Australia	-	100%	100%	-
Penny's Find Project	M27/156 G27/01 L27/90 L27/91 L27/92 L27/93	Western Australia	-	100%	100%	-