CYPRIUM
METALS LIMITED

(formerly ARC Exploration Limited)

ANNUAL REPORT

31 December 2019

ABN 48 002 678 640
cypriummetals.com

Our Values

SAFETY

The safety of our employees, contractors, consultants and visitors is paramount. The target we have is to achieve zero injuries in the workplace by continuing to develop a culture of safe behaviour inside and outside of the workplace.

RESPONSIBILITY

Our actions are always guided by a sense of accountability. We recognise that our activities will impact the environment and a wide range of stakeholders. We take all of our responsibilities and obligations very seriously to meet our various commitments.

INTEGRITY

Integrity and trust are highly valued. We trust our people to make the right decisions for our business and we value the trust that our partners give us when working with us. We earn their trust by being straight forward, open and transparent with our stakeholders. Our actions must be congruent with what we say we do.

PROFESSIONALISM

We strive for the highest levels of professionalism, to be innovative and encourage an entrepreneurial spirit in all our people that inspires them to conduct themselves responsibly in the best interests our business, to be innovative and continuously make improvements.

EFFICIENCY

We aim to achieve our key objectives efficiently, minimise bureaucracy and corporate overheads while maintaining a clear focus on excellence, quality and sustainability in order to deliver strong shareholders returns and sustainable value for all of our stakeholders.

Contents

CORPORATE DIRECTORY

Directors
Gary Comb (Chairman, Non-Executive Director)
Barry Cahill (Executive Director)
Nicholas Rowley (Non-Executive Director)

Company Secretary
Wayne Apted

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Telephone: +61 8 9389 8033

Chairman's Letter

On behalf of the Board of Directors, I am pleased to present the 2019 Annual Report for Cyprium Metals Limited ("CYM" or "the Company").

The past year has been a very significant one for the Company, with highly credentialed appointments to the board and senior executive management being made during the middle of the year along with the 80% earn-in acquisition of the prospective Cue Copper Project, located in Western Australia.

The Company's strategy is to focus on mid to late stage Australian based projects that have an identified copper mineralisation with a high sulphide content, which will best suit our unique low-cost processing methodology, to produce copper metal on site, to be sold into highly liquid global LME grade copper metal markets.

Many advanced stage Australian copper projects were assessed and we were pleased to commence the implementation of our strategy with the Cue Copper Project. A comprehensive drilling programme began in July 2019 immediately after transaction completion and receiving regulatory approvals. The key objectives of the drilling programmes are to increase the size of the copper deposits, test prospective exploration targets and provide sufficient sample material for metallurgical test-work.

The drilling completed to date has significantly extended the Hollandaire and Hollandaire West copper deposits, intersected high-grade copper mineralisation at the Eelya South propect and produced sufficient sample material for metallurgical column test-work to be performed. The metallurgical column test-work undertaken on the samples of the massive and semi-massive sulphides from the Hollandaire and Hollandaire West prospects has resulted in copper leaching very rapidly into solution.

A full processing cycle has now been completed, from drilling the mineralisation, crushing, leaching and plating copper. The Hollandaire deposits have proved to be very suitable for our unique processing methodology and it has outperformed our expectations. To produce a high purity copper plate so quickly is an extraordinary achievement and reinforces the amenability of the Cue Copper project, which gives us even greater confidence in the project's developmental potential.

There is also a favourable timeframe for when the project could commence copper production, since the longer term outlook for copper remains very positive, driven by global population growth and rising living standards in emerging economies. The supply of copper will also be constrained by aging copper mines with declining ore grades and the diminishing number of developmental projects.

Climate change policies around the world will also be a significant driving factor as copper is a critical input for wind and solar technology, energy storage, and electric vehicles. To put this into perspective, the generation of clean energy from solar and wind typically requires 4-6 times more copper than fossil fuel generators. Copper for wiring and cabling is required to connect to the renewable power generators, is required for electrical transformers, and is required for a wide range of infrastructure, including electric vehicle charging stations. Several car manufacturers have already committed to producing only electric vehicles in the near future, which requires approximately 4 times theamount of copper compared to conventionally powered vehicles.

The capital raise at the end of 2019 places the Company in a good position to continue the advancement of the Cue Copper Project in 2020 whilst evaluating a range of other copper projects.

Gary Comb - Chairman

REVIEW OF OPERATIONS

Completion of the Acquisition of Cyprium Australia Pty Ltd

In June 2019, Cyprium Metals Limited ("CYM" or "the Company") completed the acquisition of 100% of the issued capital of Cyprium Australia Pty Ltd following satisfaction of all the conditions precedent. Pursuant to an agreement between Cyprium Australia Pty Ltd and Musgrave Minerals Limited, Cyprium Australia Pty Ltd has been granted an option to earn-in and joint venture for an 80% interest in the non-gold rights over the tenements at the Cue Copper Project.

Cue Copper Project

The Cue Copper Project is located in the Murchison region of Western Australia (refer to Figure 1), which is host to a number of Volcanic Massive Sulphide ("VMS") deposits. VMS deposits are noted to occur in clusters when in favourable geological settings, such as those in the Cue Copper Project area. The exploration leases and mining licenses are held by Musgrave Minerals Limited and are located approximately 20km to the east of Cue in Western Australia. The Project contains the Hollandaire copper deposit.

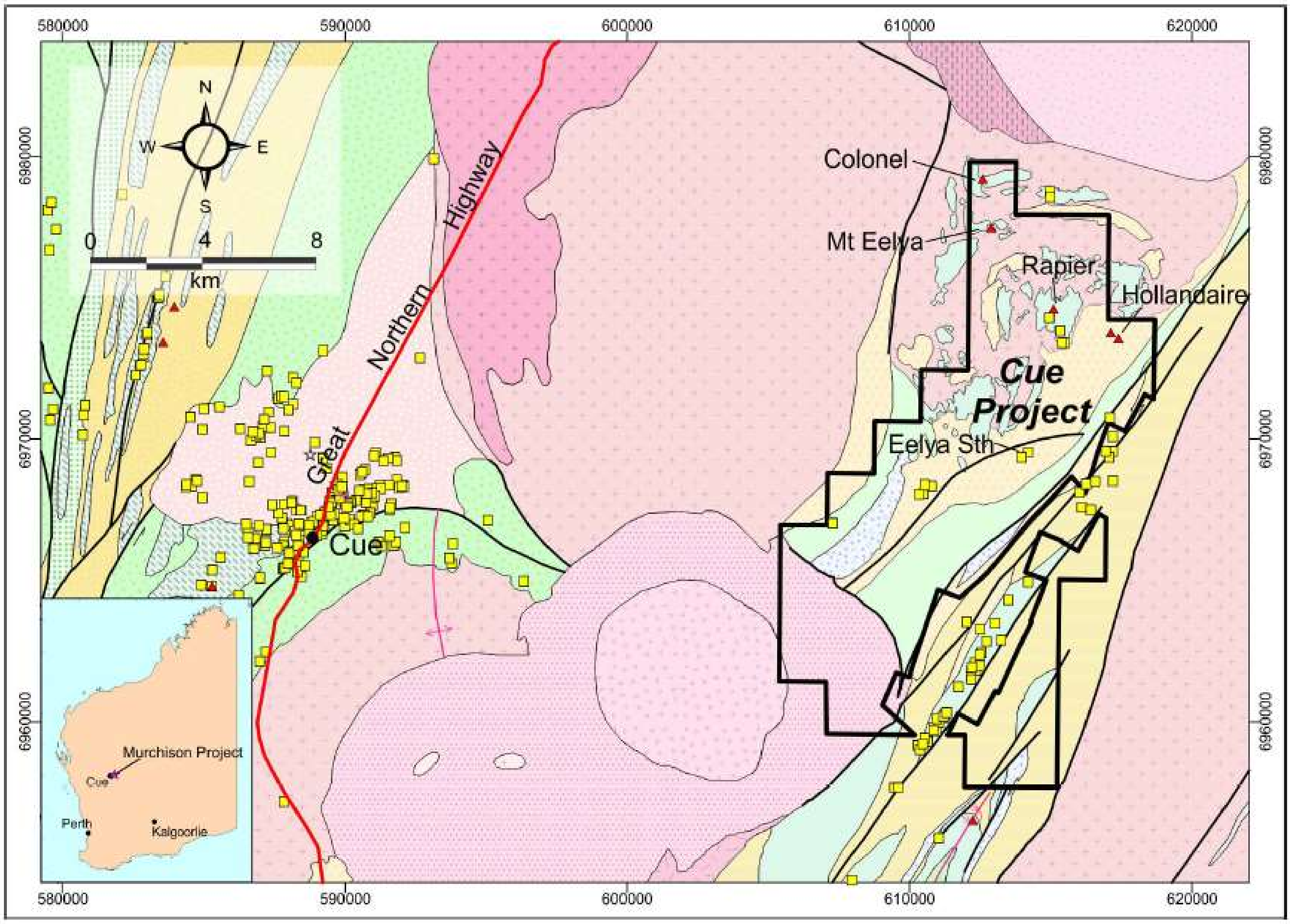


Figure 1 | Location of the Cue Copper Project tenements

CYM commenced extensional and metallurgical drilling at the Cue Copper Project, immediately adjacent to the current copper mineralisation at Hollandaire in July 2019, following the approval of a Programme of Work by the WA Department of Mines, Industry Regulation and Safety.

CYM completed approximately 8,000 meters of Reverse Circulation ("RC") drilling at the Cue Copper Project and over 650 meters of diamond drilling at Hollandaire and Hollandaire West prospects during the second half of 2019.

The drilling programmes involved a number of facets of drilling into and surrounding the mineralised area, with the majority of the initial Phase 1 Hollandaire RC drilling programme being focused on the Hollandaire West copper mineralisation, to test for shallow extensions.

The locations of the drill hole collars at the Hollandaire and Hollandaire West copper mineralisation are shown in Figure 2. The red outline shows the current mineralisation projected to the surface against drill-hole collars for extensional and infill drilling.

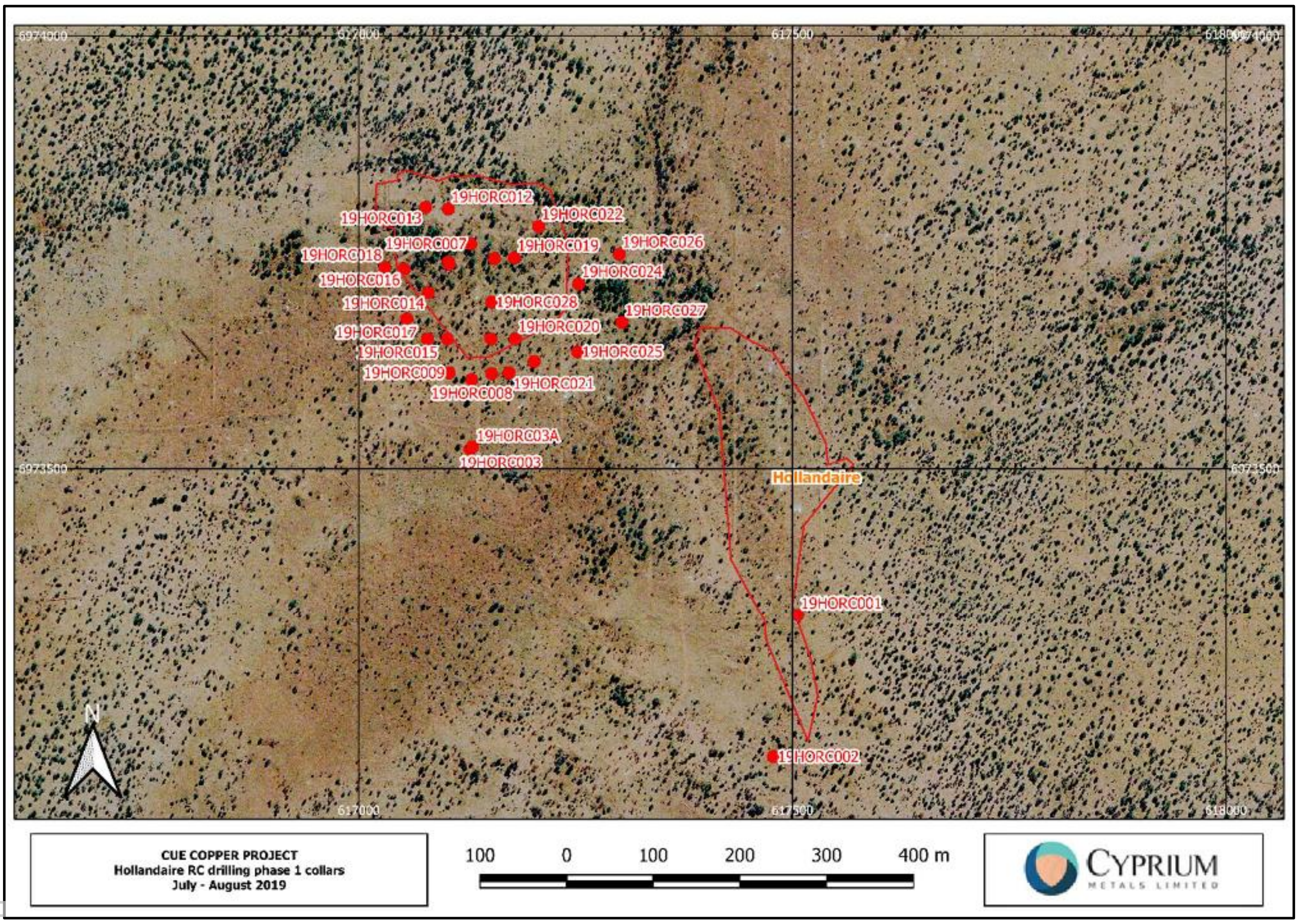


Figure 2 | Hollandaire Phase 1 RC Drill Hole Locations

The Phase 1 RC drilling of approximately 4,000 metres was drilled at Hollandaire West to test:

- the veracity of the historical results;
- mineralisation where there was a significant gap between historical intersections; and
- for mineralisation extensions.

The next phases of RC drilling at the Hollandaire prospect intersected a significant extensional mineralisation of 18.0 metres @ 1.97% copper in drill hole 19HORC029 (refer to Image 1, Figure 3 and Section 1) from 295m downhole including:

- 12.0m @ 2.74% copper from 295 metres
- 8.0m @ 3.63% copper from 296 metres
- 3.0m @ 6.10% copper from 296 metres

Image 1 / 19HORC029 mineralised intersection from 295m downhole

RC drill hole 19HORC029 is 116 metres down dip from drill hole 12HODD034 which returned a mineralised interval of 14.0m at 2.03% copper from 254 metres downhole, as previously reported by Silver Lake Resources in 2012, which was previously the deepest recorded drill hole intersection of mineralisation at the Hollandaire prospect.

The Hollandaire West mineralisation remains open between 617040 mE and 617200 mE and the RC drilling will be conducted to test for downdip extensions at this prospect.

CYM also completed a regional field mapping and surface sampling programme at the Cue Copper Project's Eelya South prospect, which had previously limited drilling activities conducted upon it. The regional programmes have been undertaken to increase its copper resource base at the Cue Copper Project, with the Eelya South prospect being located only 5 km to the south of the Hollandaire copper mineralisation.

Outcropping of malachite mineralised felsic schist was observed whilst conducting surface soil and rock chip sampling of the shear hosted mineralisation at the Eelya South prospect. The shear hosting the mineralisation ranged from 0.5 metres to 3.0 metres in width and dipped south from 55° to 75°. The mineralisation has been mapped over a total distance of 530 metres.

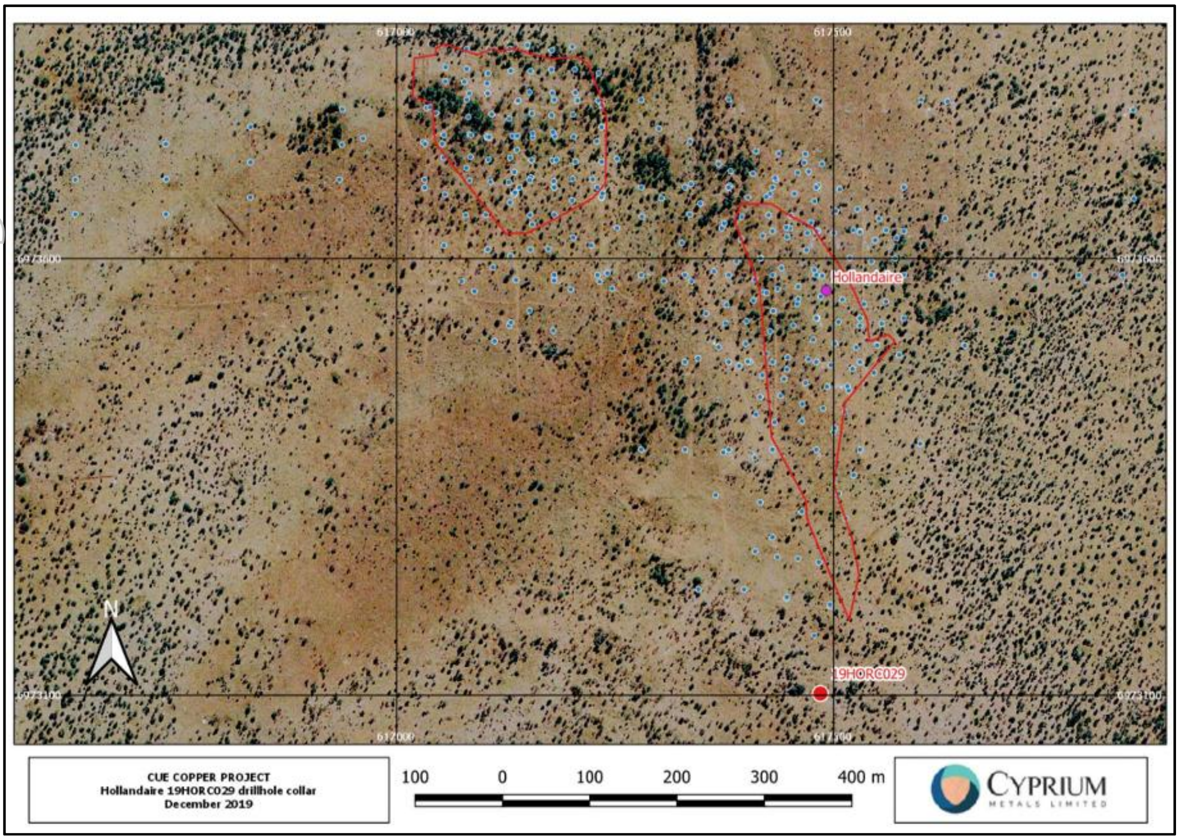
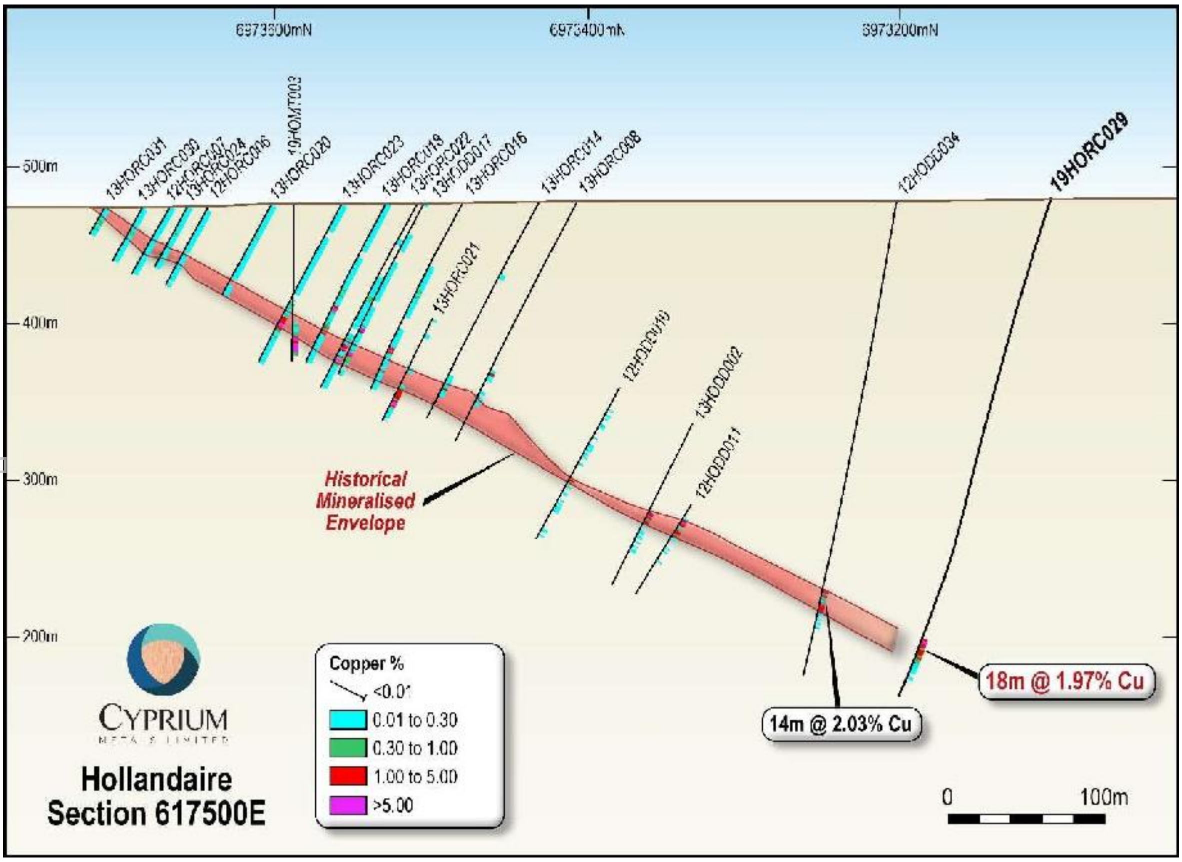


Figure 3 / 19HORC029 collar location with existing drill hole locations



Section 1 / 617500 mE with drill hole 19HORC029

The observed surface mineralisation at the Eelya South prospect and laboratory assay results of the rock chip samples, as illustrated in Figure 4, are very encouraging. The Eelya South surface rock chip sampling results included:

- 19.7% copper in surface sample ES13
- 14.5% copper in surface sample ES11
- 11.4% copper in surface sample ES15
- 9.6% copper in surface sample ES12
- 9.2% copper in surface sample ES08

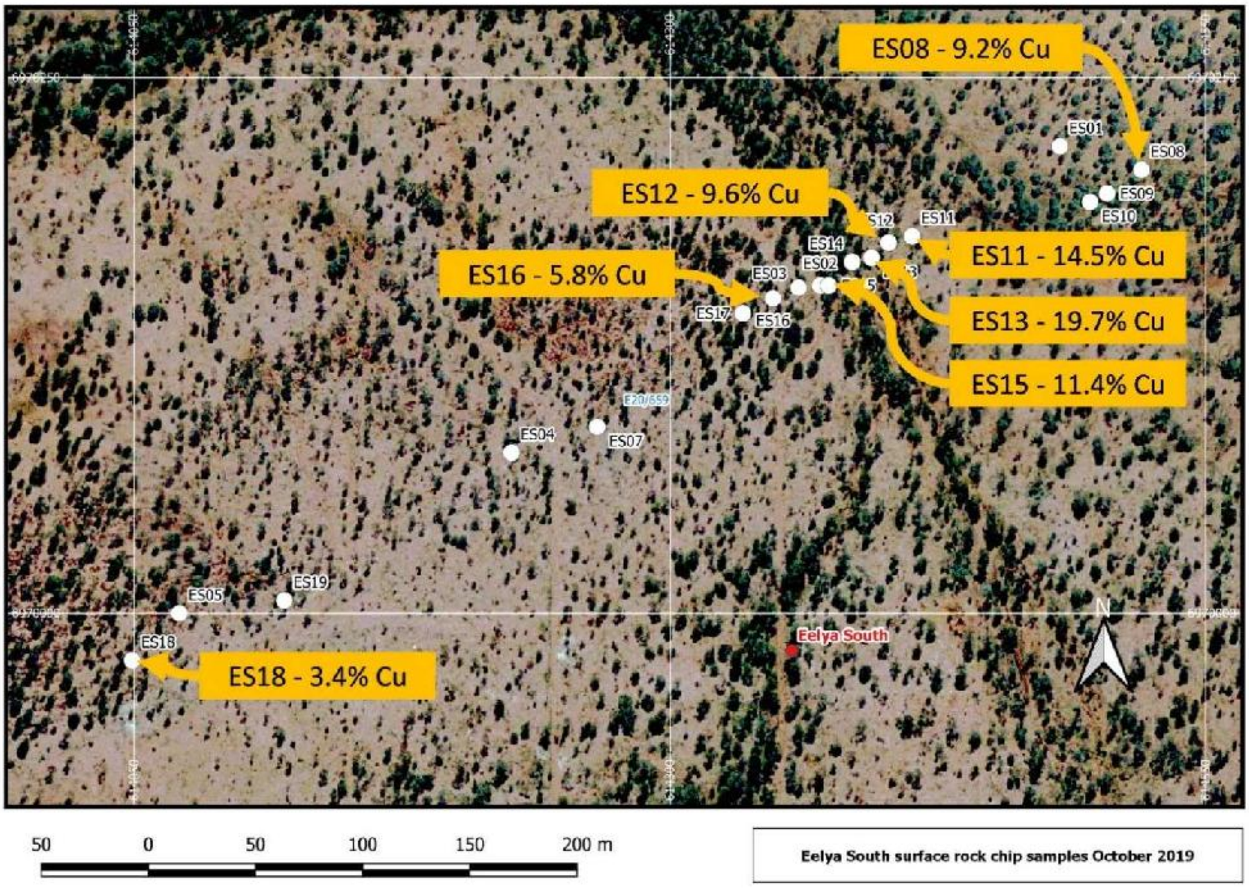


Figure 4 / Sampling points of the Eelya South outcropping shear hosted mineralisation

An RC drilling programme of over 1,100 metres was completed by the end of the year at the Eelya South prospect, comprising 13 drill holes which targeting the down-dip extensions of the structure (refer to figure 5). All of the initial drill holes intersected the targeted structure with altered and mineralised material observed at the supergene horizon, from a depth of approximately 30 metres depth below the ground surface. Of the RC drilling completed, 11 drill holes were included in phase one and two designs, targeting the shallowest section of the structure and has intersected a depleted zone, including:

- 19ESRC001: 1.0 metre @ 1.36% copper from 47 metres
- 19ESRC007: 1.0 metre @ 1.32% copper from 46 metres

An RC drill hole from the phase 3 programme was completed to target a deeper section of the structure and has intersected sulphide material below the depletion zone, which included:

- 19ESRC012: 11.0 metres @ 0.64% copper from 58m, including:
- 3.0 metres @ 1.34% copper from 61 metres

RC drill hole 19ESRC013 was used for downhole geophysical investigations that will be used, in conjunction with the RC drilling assay results to design the next phases of drilling to outline further mineralisation at the Eelya South prospect.

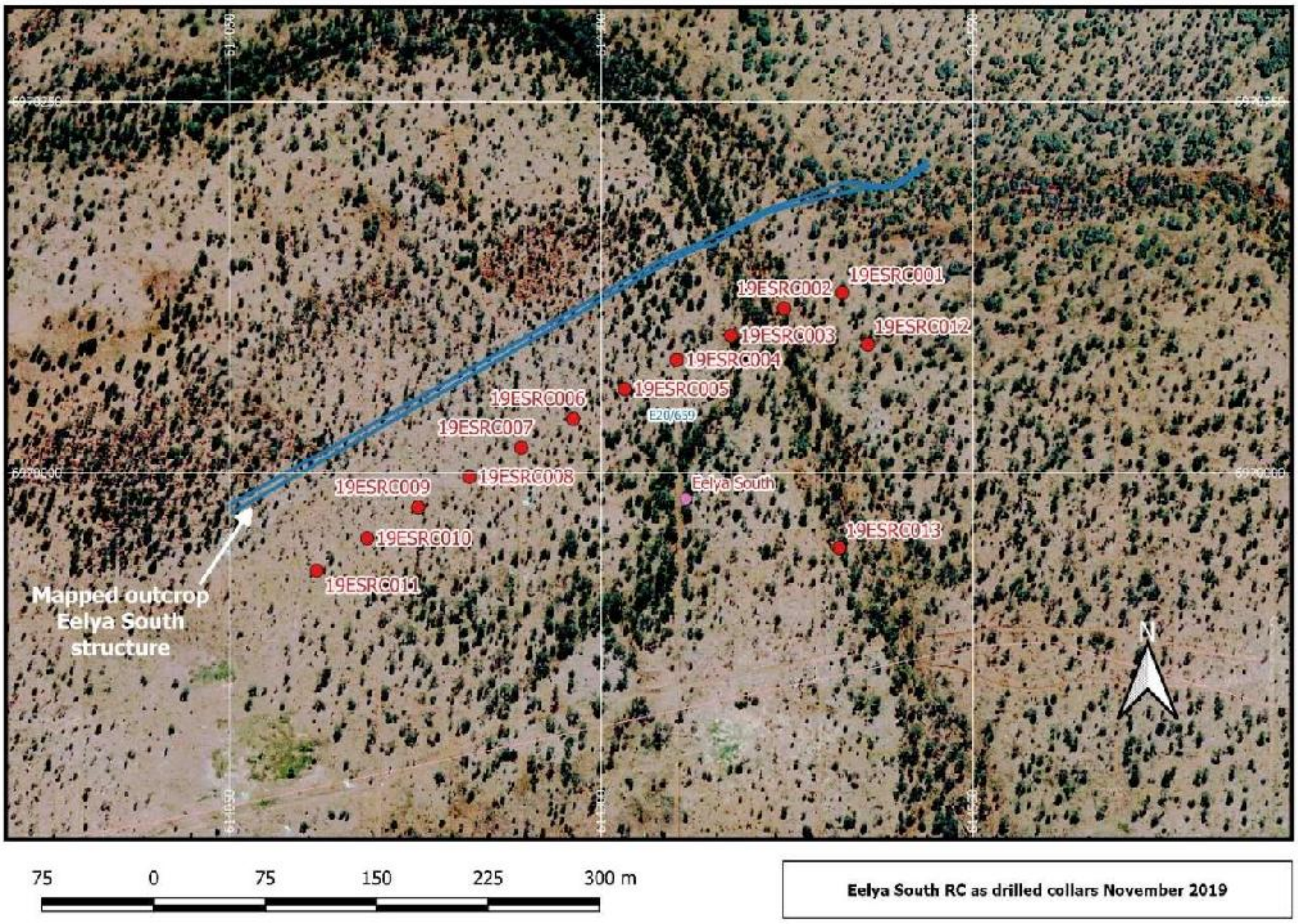


Figure 5 / Eelya South prospect drilled collars and mapped outcrop of drill tested structure

RC drilling continued to the end of February 2020 at the Eelya South prospect which included:

- 3.0m @ 3.78% Cu in drill hole 20ESRC014 with 6.68 g/t Au and 81.0 g/t Ag from 59m

The high-grade copper/gold southern Eelya South intersection in drill hole 20ESRC014 was drilled to test a structure that was previously identified at Eelya South in the 1990's, which returned an intersection of 2.0m @ 10.12% Cu, 3.19 g/t Au and 92 g/t Ag in drillhole ERC19.

A metallurgical diamond drilling programme was conducted during the second half of the year which consisted of three holes totalling over 300 metres into the historical mineralised envelope of Hollandaire and Hollandaire West to provide representative samples for test-work to be undertaken as illustrated in Figure 6.

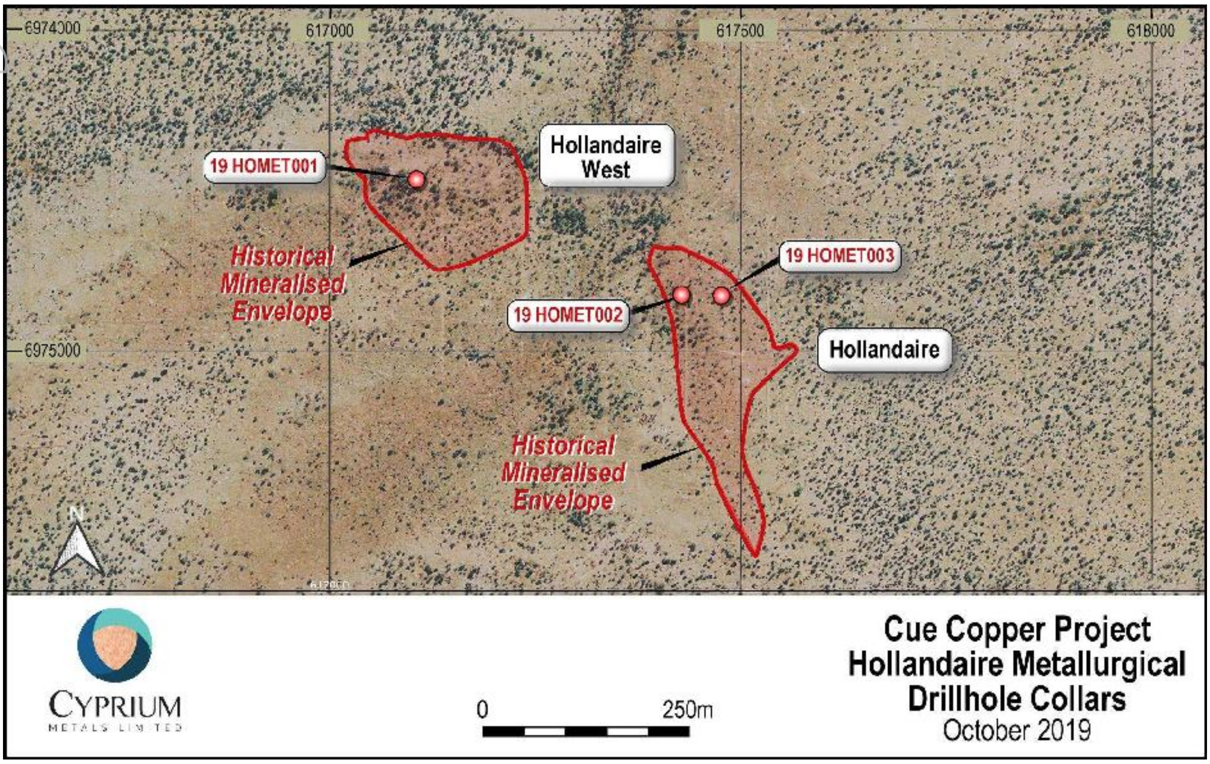


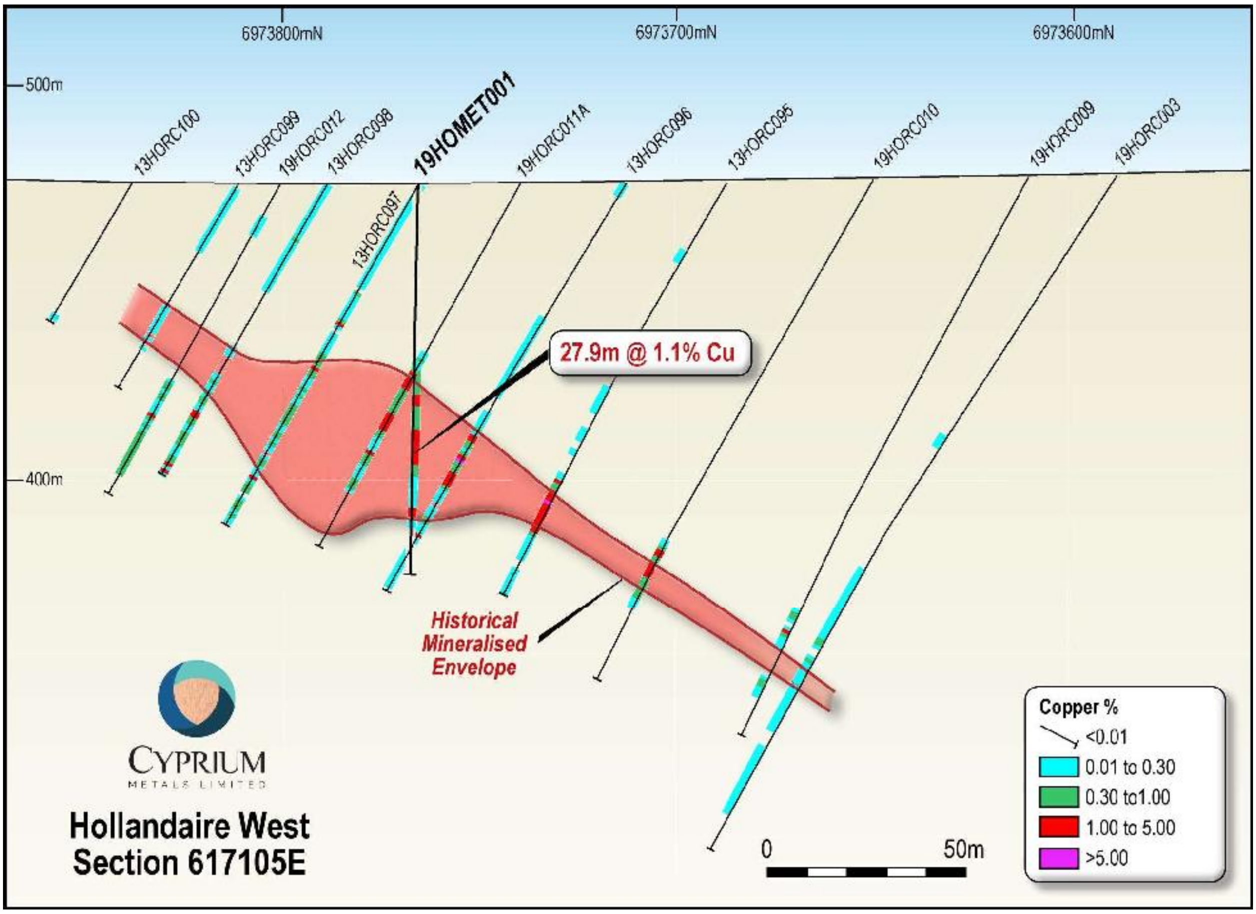
Figure 6 | Hollandaire Metallurgical Diamond Drill Hole Locations

The first drill hole in the metallurgical diamond drilling programme, 19HOMET001 (refer to Section 2) and, was drilled into the Hollandaire west lode and returned disseminated copper sulphide mineralisation, dominated by chalcocite. The second and third diamond drill holes in the programme, 19HOMET002 and 19HOMET003, targeted representative sections of the Hollandaire east lode and returned massive sulphide mineralisation, containing pyrite and copper sulphides, predominantly chalcocite with minor chalcopyrite and bornite. The results from the metallurgical diamond drill holes included:

- 10.4 metres @ 14.9% copper in drill hole 19HOMET003 from 84.5m downhole including:
  - 4.5 metres @ 21.9% copper from 90.4 metres
- 19.1 metres @ 1.3% copper in drill hole 19HOMET002 from 85.9m downhole including:
  - 6.4 metres @ 2.1% copper from 98.6 metres
- 27.9m @ 1.1% copper in drill hole 19HOMET001 from 45.7m downhole including:
  - 9.0 metres @ 1.6% copper from 63.2 metres

Metallurgical column test-work was commenced by the end of 2019 on the massive sulphide mineralisation from the diamond drilling programme, that targeted the known copper mineralisation at the Hollandaire Prospect. This metallurgical test-work is being conducted to determine the optimal copper extraction method and has leached copper into solution, as illustrated in Image 2.

Hollandaire samples were composited from holes 19HOMET002 and 19HOMET003 to create two column samples, Columns A and B, with copper grades of 5.10% and 5.24% respectively. The drill core from Hollandaire West, obtained from drill hole 19HOMET001, was composited for testing in a third column, Column C, with an average grade of 0.76% copper.



Section 2 | 617105E mE with drill hole 19HOMET001

Diagnostic testing and mineralogical analysis were undertaken on the samples to determine the optimal parameters to use to undertake the column test-work.

The composites were then leached in separate columns with the resultant copper recovery over time under leach presented in Graph 1 below.

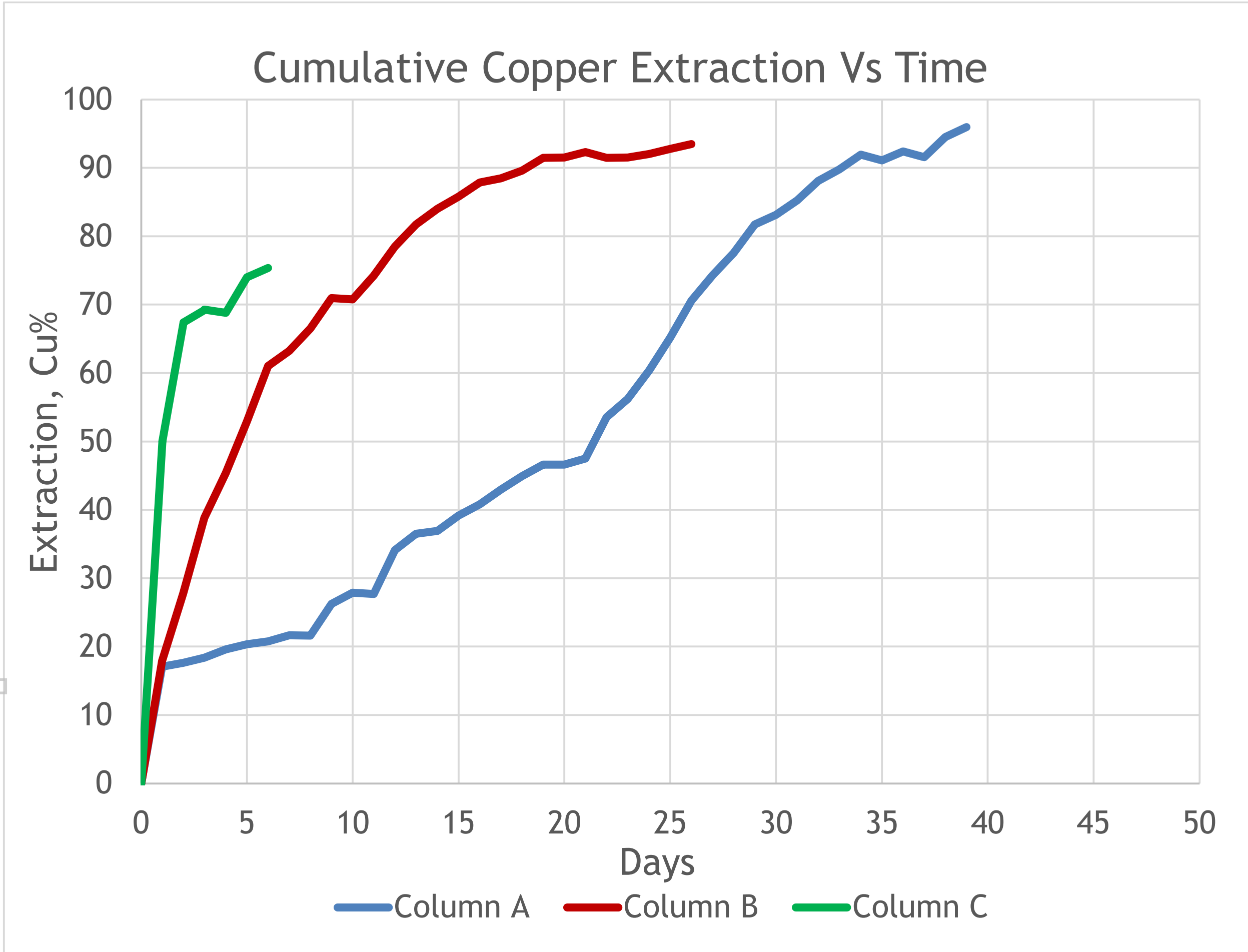
The leaching of these columns is continuing and the results to date demonstrate an accelerated leach time to extract the copper metal into solution. The test-work on Column C, in particular, has demonstrated a more rapid leach than Columns A and B, which is remarkable result that has been achieved after only 6 days.

The metallurgical test-work programme is continuing on these three columns together with other test-work that is being conducted on the remaining material from the metallurgical drill holes completed in 2019.

The initial Hollandaire metallurgical test results have produced exceptionally rapid leach times. The effect of the very short leach times on a potential project is significant as it decreases the size of the heap leach pads, and consequently reduces the capital and operating cost requirements over the life of the operation.

Combined with the successful extensional resource drilling at Hollandaire, the critical mass of the copper resource required for project development is close to being achieved, consequently a scoping study on the Cue Copper Project was commenced during February 2020.

Image 2 / Metallurgical column test-work



Graph 1 / Copper Extraction

The primary leach solution ("PLS") produced from the metallurgical column test-work has been processed in an electrowinning ("EW") cell (refer to Image 3) to produce cathode copper metal plates (refer to Image 4), which were then stripped from the cathodes to complete the processing cycle through to its final product of high purity copper metal plate (refer to Image 5).

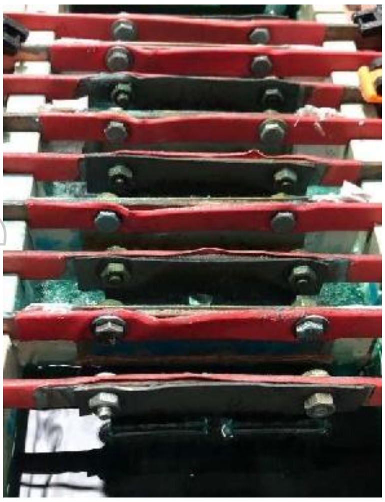


Image 3 / EW Cell

Image 4 / Cathode Copper

Image 5 / Copper Metal Plate

Trenggalek Project - Indonesia

The exploration licences for the Trenggalek Project in East Java, Indonesia were more than 10 years old and have expired, consequently the Company's joint venture interest was ended during the year.

Manitou Project - Canada

The Manitou Gold Project tenements held by the Company in North-western Ontario Canada have been reduced from 245 km^2 to 5 km^2 during 2019 due to expenditure requirements not being achieved as a result of access restrictions which prevented surface sampling and mapping work being completed.

Corporate

The consideration for all of the issued capital of Cyprium Australia Pty Ltd was $1,342,500 comprising 5,750,000 fully paid ordinary shares in CYM issued to the shareholders of Cyprium Australia Pty Ltd and 1,308,750 fully paid ordinary shares in CYM issued to Musgrave Minerals Limited.

During the year, in addition to the shares issued for the acquisition of Cyprium Australia Pty Ltd, CYM issued 22.25 million fully paid ordinary shares in the Company to institutional and sophisticated investors to raise $4.56 million, and 1.5 million shares to a corporate advisor.

During the year, the Company issued 6.4 million performance rights to Directors and 6.0 million performance rights to employees.

The Company has been renamed to Cyprium Metals Limited (formerly Arc Exploration Limited) and its shares are trading under the ASX code CYM (formerly ARX), as approved at the Company's Annual General Meeting on 29 May 2019.

The Company's Registered Office and Principal Place of Business was changed in June 2019 to Level 2, 38 Rowland Street, Subiaco, WA, 6008.

Competent Persons

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources and/or Mineral Reserves is an accurate representation of the available data and is based on information compiled by Mr. Peter van Luyt who is a member of the Australian Institute of Geoscientists. Mr. Peter van Luyt is the Chief Geologist of Cyprium Australia Pty Ltd, in which he is also a shareholder. Mr. van Luyt has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (CP). Mr. van Luyt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

The Directors present their report for Cyprium Metals Limited (formerly Arc Exploration Limited) ("CYM" or "the Company") and its subsidiaries ("the Group") for the year ended 31 December 2019.

All amounts are expressed in Australian dollars unless otherwise stated.

DIRECTORS

The following persons were directors of CYM during the year and up to the date of this report:
- Gary Comb (Chairman, Non-Executive Director) – appointed 14 June 2019
- Barry Cahill (Executive Director) – appointed 14 June 2019
- Nicholas Rowley (Non-Executive Director)
- Simon Taylor (Non-Executive Director) – resigned 14 June 2019
- Marcello Cardaci (Non-Executive Director) – resigned 10 July 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' INFORMATION

Gary Comb
Non-Executive Chairman
Mr Comb was appointed to the board on 14 June 2019. Mr Comb is an engineer with over 30 years' experience in the Australian mining industry, with a strong track record in successfully commissioning and operating base metal mines. He was Chairman of Finders Resources Limited from 2013 until its takeover in 2018. Mr Comb was previously the Managing Director of Jabiru Metals Limited and the CEO of BGC Contracting Pty Ltd.

Barry Cahill
Executive Director
Mr Cahill was appointed to the board on 14 June 2019. Mr Cahill is a mining engineer with over 30 years' experience in exploration, operational mining and management. In particular his experience covers management of project development and construction from exploration drilling through project funding, commissioning and development. He was the Managing Director of Finders Resources Limited from 2013 until its takeover in 2018. Mr Cahill has previously been executive director of a number of public companies including operations director at Perilya Limited and Managing Director of Australian Mines Limited and Norseman Gold Plc.

Nicholas Rowley
Non-Executive Director
Mr Rowley is a corporate executive with a strong financial background with over 15 years' experience in corporate advisory, M&A transactions and equities markets. He has advised on the equity financings of numerous ASX and TSX listed companies predominantly in the mining and resources sector. Mr Rowley currently serves as an executive at Galaxy Resources Ltd and as a Non-Executive Director of Titan Minerals Limited. He previously served as Non-Executive Director of Cobalt One Ltd which was acquired by Canadian listed First Cobalt Corporation in 2017.

Marcello Cardaci
Non-Executive Director
Mr Cardaci resigned from the board on 10 July 2019.

Simon Taylor
Non-Executive Director
Mr Taylor resigned from the board on 14 June 2019.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by current directors in the 3 years immediately before the end of the financial year are as follows:

Director	Company	Period of Directorship
Gary Comb	Finders Resources Limited Aurelia Metals Limited Ironbark Zinc Limited	Director from June 2013 to April 2018 Director from July 2012 to June 2017 Director from January 2012 to November 2019
Barry Cahill	Finders Resources Limited	Director from August 2013 to April 2018
Nicholas Rowley	Cobalt One Ltd Titan Minerals Limited	Director from September 2014 to November 2017 Director since August 2016

COMPANY SECRETARY

Wayne Apted

Mr Apted was appointed as the Company Secretary on 14 June 2019. Mr Apted is a chartered accountant with over 25 years' experience in the mining industry. He was the Chief Financial Officer of Finders Resources Limited until its takeover in 2018. Mr Apted has previously worked in senior finance roles for Masan Resources Limited, Glencore plc, Xstrata plc, Normandy Mining Limited and Aurora Gold Limited.

Aaron Bertolatti – resigned 14 June 2019

Mr Bertolatti resigned as the Company Secretary on 14 June 2019.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Cyprium Metals Limited are:

Director	Ordinary Shares
Gary Comb	2,194,940
Barry Cahill	2,066,370
Nicholas Rowley	1,100,000

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Cyprium Metals Limited for the year to 31 December 2019 was $2,354,202 (2018: $5,892,371). The current year loss includes an impairment of $972,979 in respect of the Group's Canadian project (2018: $5,158,046 in respect of the Group's Indonesian project).

DIVIDENDS

No dividends were paid or declared. The directors do not recommend the payment of a dividend.

CORPORATE STRUCTURE

Cyprium Metals Limited is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was identifying and evaluating projects and conducting exploration activities in the resources and mineral exploration sector as outlined in the Review of Operations.

Capital Structure

The consideration for all of the issued capital of Cyprium Australia Pty Ltd was $1,342,500 comprising 5,750,000 fully paid ordinary shares in CYM issued to the shareholders of Cyprium Australia Pty Ltd and 1,308,750 fully paid ordinary shares in CYM issued to Musgrave Minerals Limited.

During the year, in addition to the shares issued for the acquisition of Cyprium Australia Pty Ltd, CYM issued 22.25 million fully paid ordinary shares in the Company to institutional and sophisticated investors to raise $4.56 million, and 1.5 million shares to a corporate advisor.

During the year, the Company issued 6.4 million performance rights to Directors and 6.0 million performance rights to employees.

Board and Secretary Changes

Mr Gary Comb and Mr Barry Cahill were appointed to the Board as Non-Executive Chairman and Executive Director respectively. Mr Wayne Apted has been appointed as Chief Financial Officer and Company Secretary whilst Mr Simon Taylor and Mr Marcello Cardaci have retired from the Board and Mr Aaron Bertolatti retired as Company Secretary.

Name Change and Registered Office

The Company has been renamed to Cyprium Metals Limited and its shares are trading under the ASX code CYM, as approved at the Company's Annual General Meeting on 29 May 2019. The Company's Registered Office and Principal Place of Business was changed in June 2019 to Level 2, 38 Rowland Street, Subiaco, WA, 6008.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There are no significant events subsequent to the end of the financial year to the date of this report that are required to be disclosed.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue identifying and evaluating projects and conducting exploration activities in the resources and mineral exploration sector.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The operations of the Group are subject to environmental regulation under the laws of Australia, Canada and Indonesia. The Group is, to the best of its knowledge, at all times in full environmental compliance with the conditions of its licences.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

In accordance with the Constitution of the Company, to the extent permitted by law, the Company indemnifies every director, officer and employee of the Company and each officer of a related body Corporate of the Company against any liability incurred by that person:

a) in his or her capacity as a director, officer or employee of the Company; and
b) to a person other than the Company or a related body corporate of the Company.

During the financial year, Cyprium Metals Limited paid an insurance premium in respect of a policy for the benefit of the Directors of the Company, Company Secretary, executive officers and employees of the Company and any subsidiary bodies corporate as defined in the insurance policy, against a liability incurred as such a director, company secretary, executive officer or employee to the extent permitted by the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

INDEMNIFICATION OF THE AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

SHARE OPTIONS

As at the date of this report there were no unissued ordinary shares subject to options. During the year, 200,000 options exercisable at $0.375 expired on 10 October 2019 unexercised.

PERFORMANCE SHARES

As at the date of this report there were 1,030,000 performance shares on issue (post share split). The details of the performance conditions relating to the performance shares are as follows:

Performance Condition	Number
The Performance Shares will convert to ordinary shares if the Company is able to release a Canadian National Instrument 43-101 report or equivalent JORC Report announcing a minimum of 1moz inferred resource at minimum cut-off of 0.5 g/t by 31 May 2023 in relation to the Company's Manitou gold project in Canada.	1,030,000

PERFORMANCE RIGHTS

As at the date of this report there were 12,400,000 performance rights on issue, expiring in June and July 2024. The details of the performance conditions relating to the performance rights are as follows:

Performance Condition	Number
Completion of a transaction to acquire or earn into majority ownership interests in projects with exploration and mining tenements	3,775,000
Anouncement of the delineation of 80,000t of contained copper (within any Mineral Resource category) upon the Projects	2,875,000
Each Performance Right will vest upon the earlier of: ▪ Announcement of a Scoping Study that confirms the positive economics of the Projects; or ▪ The volume weighted average price of the Shares equals or exceeds $0.35 per Share for 5 consecutive trading days	2,875,000
Each Performance Right will vest upon the earlier of: ▪ Board approval to Proceed with a Project Definitive Feasibility Study; or ▪ The volume weighted average price of the Shares equals or exceeds $0.40 per Share for 5 consecutive trading days	2,875,000
Total	12,400,000

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Gary Comb	3	3	1	1
Barry Cahill	3	3	-	-
Nicholas Rowley	3	3	1	1
Marcello Cardaci	1	1	-	-
Simon Taylor	-	-	-	-

As at the date of this report, the Company had an Audit Committee of the Board of Directors. The Audit Committee is comprised of non-executive Directors and Nicholas Rowley is the Chairman of the Audit Committee.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Cyprium Metals Limited support and adhere to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Cyprium Metals Limited complies to the extent possible with those guidelines, which are of importance and add value to the commercial operation of an ASX listed resources company. The Company has established a set of corporate governance policies and procedures and these can be found on the Company's website: cypriummetals.com.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Cyprium Metals Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within the annual report.

During the year the Company's auditors did not perform any other services in addition to their statutory audit duties. The Board considers any non-audit services provided by the auditor and satisfies itself that the provision of those non-audit services is compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are subject to the corporate governance procedures adopted by the Company and are reviewed to ensure they do not impact upon the impartiality and objectivity of the auditor.
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. Details of the amounts paid to the auditors of the Company, and its related practices for audit and non-audit services provided during the year are set out in note 19 to the financial statements.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel of Cyprium Metals Limited for the financial year ended 31 December 2019. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

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

Details of KMP

- Gary Comb (appointed 14 June 2019)
- Barry Cahill (appointed 14 June 2019)
- Nicholas Rowley (appointed 31 May 2018)
- Marcello Cardaci (appointed 31 May 2018, resigned 10 July 2019)
- Simon Taylor (appointed 11 October 2016, resigned 14 June 2019)

Remuneration Policy

The remuneration policy of Cyprium Metals Limited has been designed by the Board taking into consideration the stage of development of the Group and the activities undertaken. The Board of Cyprium Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The remuneration policy aims to attract, retain and motivate the high-performing individuals that will deliver the business strategy and create long-term value. Performance-related pay to incentivise high performance and rewards are to be linked to and commensurate with performance. As a result, performance-related pay represents a meaningful portion of total remuneration for all KMP and employees that have the ability to influence shareholder value. Shareholder value is created by project acquisition, analysis, expansion, financing, development and operations.

During the pre-decision to construct mine phase, KMP and employees are incentivised deliver the business strategy to acquire and grow our project base.

Fixed remuneration

Fixed remuneration consists of total Directors' fees, salaries, bonus, consulting fees and employer contributions to superannuation funds, excluding performance pay (cash, shares and options). Fixed remuneration levels are reviewed annually by the Board.

Executive remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework has the following components:

- Base salary (which is based on factors such as length of service, performance and experience) and (where applicable) employer contributions to superannuation;
- Consulting fees for executives providing services under a services contract; and
- Long-term incentives through participation in the Performance Rights Plan of Cyprium Metals Limited and as approved by the Board.

Cash base salary or service fees are based on daily rates of pay prior to entering into a Definitive Feasibility Study stage, in order to conserve cash by remunerating employees based on days worked. Upon entering the Definitive Feasibility Study stage, personnel will be employed on a full-time basis.

Non-executive Directors' remuneration

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

Fees for non-executive directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, directors may receive long-term performance incentives via the Performance Rights Plan of Cyprium Metals Limited.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently $450,000.

The annual remuneration for each non-executive director was set in the range of $36,000 - $60,000 per annum. These fees have been determined by the Board of the Company, taking into consideration factors such as the market rates of industry peer companies and the current level of activity. Where there is a significant change in the size and scale of Company activities these annual fees will be reviewed. Where approved and at the request of the Board, any of the Non-Executive Directors may from time to time be required to fulfil certain executive functions.

Use of remuneration consultants

The Board may (from time to time) engage the services of external consultants to advise on the remuneration policy and to benchmark director and key management personnel remuneration against comparable entities so as to ensure that remuneration packages are consistent with the market and are appropriate for the organisation. The Group did not employ the services of any remuneration consultants during the year.

Performance Rights Plan

The Performance Rights Plan of Cyprium Metals Limited was last approved by Shareholders at the 2019 Annual General Meeting.

Directors, full and part time employees and contractors of Cyprium Metals Limited are eligible to participate in the Performance Rights Plan. Any issue of Performance Rights to Directors is subject to Shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act 2001. The Directors consider that the Cyprium Metals Limited Performance Rights Plan represents an appropriate method to:

- Reward Directors, KMP and employees for their performance;
- Provide long-term incentives for participation in the Company's future growth;
- Motivate and retain Directors, KMP and employees;
- Establish a sense of ownership in the Company for Directors and employees;
- Enhance the relationship between the Company and its employees for the long-term mutual benefit of all parties; and
- Enable the Company to attract high calibre individuals who can bring specific expertise to the Company.

Voting on the Remuneration Report - 2019 Annual General Meeting

The Company received approximately 97.9% of "yes" votes on its remuneration report for the year ended 31 December 2018 (2017: 99.6%).

Loans to Directors and Executives

There were no loans to Directors and KMP during the financial year ended 31 December 2019.

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director of the Company for the year ended 31 December 2019 are as follows:

2019	Salary or Consulting Fees $	Share Based Payments $	Other Benefits[5] $	Total $	Performance related %
Directors					
Gary Comb[1]	32,500	12,115	3,087	47,702	25%
Barry Cahill[2]	147,366	14,538	14,000	175,904	8%
Nicholas Rowley	33,000	9,692	-	42,692	23%
Marcello Cardaci[3]	14,460	-	1,373	15,833	-
Simon Taylor[4]	12,329	-	1,171	13,500	-
	239,655	**36,345**	**19,631**	**295,631**	-

[1] Gary Comb appointed on 14 June 2019 and the remuneration is from the date appointed.
[2] Barry Cahill appointed on 14 June 2019 and the remuneration is from the date appointed.
[3] Marcello Cardaci resigned on 10 July 2019.
[4] Simon Taylor resigned on 14 June 2019.
[5] Other benefit payments related to statutory superannuation.

Details of the nature and amount of each element of the remuneration of each Director of the Company for the year ended 31 December 2018 are as follows:

2018	Salary or Consulting Fees $	Share Based Payments $	Other Benefits[4] $	Total $	Performance related %
Directors					
Marcello Cardaci[1]	15,982	-	1,652	17,634	-
Nicholas Rowley[1]	17,500	-	-	17,500	-
Simon Taylor	30,137	-	2,877	33,014	-
Simon O'Loughlin[2]	16,666	-	-	16,666	-
Andrew Cooke[3]	42,409	-	-	42,409	-
	122,694	**-**	**4,529**	**127,223**	-

[1] Nicholas Rowley and Marcello Cardaci were appointed on 31 May 2018.
[2] Simon O'Loughlin resigned on 31 May 2018.
[3] Andrew Cooke resigned on 30 June 2018.
[4] Other benefit payments related to statutory superannuation.

Shareholdings of Directors

The number of shares in the Company held during the year by Directors of the Company, either directly or indirectly, is set out below. There were no shares granted during the reporting year as compensation.

2019	Balance at the start of the year or appointment	Granted during the year as compensation	On vesting of performance rights	Other changes during the year	Balance at the end of the year
Gary Comb[1]	1,718,750	-	-	476,190	2,194,940
Barry Cahill[1]	1,468,750	-	-	597,620	2,066,370
Nicholas Rowley	1,100,000	-	-	-	1,100,000
Marcello Cardaci[2]	250,000	-	-	(250,000)[4]	-
Simon Taylor[3]	500,000	-	-	(500,000)[4]	-

[1] Gary Comb and Bary Cahill were appointed on 14 June 2019.
[2] Marcello Cardaci resigned on 10 July 2019.
[3] Simon Taylor resigned on 14 June 2019.
[4] Balance held at date of resignation.

All equity transactions with Directors have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Performance Rights of Directors

The number of performance rights in the Company issued during the year to Directors of the Company, and outstanding at balance date, is set out below. There were no performance rights granted during the previous reporting year as compensation.

	Vesting Conditions				
	1	**2**	**3**	**4**	**Total**
Nicholas Rowley	500,000	400,000	400,000	400,000	1,700,000
Barry Cahill	700,000	600,000	600,000	600,000	2,500,000
Gary Comb	700,000	500,000	500,000	500,000	2,200,000
Total	**1,900,000**	**1,500,000**	**1,500,000**	**1,500,000**	**6,400,000**

<u>Vesting conditions</u>

1. Completion of a transaction to acquire or earn into majority ownership interests in projects
2. Release of a Copper mineral resource of at least 80,000 tonnes
3. Announcement of a Scoping Study or the average share price of $0.35 per share for 5 consecutive days
4. Board resolves to proceed with a Definitive Feasibility Study or the average share price of $0.40 per share for 5 consecutive days

Options Affecting Remuneration

There were no options affecting remuneration in the current reporting year.

Other transactions with key management personnel

Gilbert + Tobin Lawyers, of which Marcello Cardaci is a partner received professional service fees of $34,621 during the year ended 31 December 2019 (2018: $3,666).

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms.

Additional Information

The factors that are considered to affect total shareholders' return are summarised below:

	2019	2018	2017	2016	2015
Loss attributable to owners of the company ($)	(2,354,202)	(5,892,371)	(894,116)	(722,652)	(1,292,920)
Dividends paid ($)	-	-	-	-	-
Share price at financial year end ($)	0.2450	0.1850	0.2650	0.2683	0.2439

Total shareholders' return is not used to determine the nature and amount of remuneration as the Board does not consider that this indicator is particularly relevant in the junior resource sector which is generally speculative in nature and where exploration success cannot be assured.

While the Group's main activities relate to early stage exploration the nature and amount of remuneration cannot be related to traditional financial measures or to share price performance and shareholder value. If the Group does in due course have exploration success and proves up an economic resource and ultimately develops an economically viable mining project then it is likely that some component of the remuneration of key management personnel would relate to financial performance measures that would be expected to enhance share performance and shareholder wealth.

END OF AUDITED REMUNERATION REPORT

Signed on behalf of the Board in accordance with a resolution of the Directors.

Gary Comb
Chairman, Non-executive Director

Perth, WA
27 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Continuing Operations			
Revenue:			
Interest income		16,781	6,948
Employee expenses		(518,232)	(187,416)
Management and administrative expenses		(398,662)	(380,336)
Depreciation		(24,280)	-
Share-based payments – shares issued to corporate advisor		(283,500)	-
Share-based payments – performance rights		(69,662)	-
Interest expense on finance leases		(3,263)	-
Unrealised foreign exchange loss		(317)	(1,358)
Loss before income tax		**(1,281,135)**	**(562,162)**
Income tax expense	3	-	-
Net loss for the year from continuing operations		**(1,281,135)**	**(562,162)**
Discontinued Operations			
Loss after tax from discontinued operations	9	(1,073,067)	(5,330,209)
Net loss for the year		**(2,354,202)**	**(5,892,371)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		13,879	(7,947)
Other comprehensive income/(loss) for the period net of tax		**13,879**	**(7,947)**
Total comprehensive loss for the year		**(2,340,323)**	**(5,900,318)**
Loss per share			
Basic and diluted loss per share (cents per share) from continuing operations and discontinued operations	20	(6.40)	(34.68)
Basic and diluted loss per share (cents per share) from continuing operations	20	(3.48)	(3.31)

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

Consolidated Statement of Financial Position

as at 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Current Assets			
Cash and cash equivalents	4	3,466,183	1,910,897
Receivables	5	187,266	9,070
Other assets	6	87,207	61,030
Total Current Assets		3,740,656	1,980,997
Non-Current Assets			
Right-of-use asset	7	100,587	-
Deferred exploration and evaluation expenditure	8	3,164,517	946,030
Total Non-Current Assets		3,265,104	946,030
Total Assets		7,005,760	2,927,027
Current Liabilities			
Trade and other payables	10	525,717	89,911
Lease liabilities	11	40,011	-
Other liabilities	12	-	37,230
Provisions	13	-	71,104
Total Current Liabilities		565,728	198,245
Non-Current Liabilities			
Lease liabilities	11	62,853	-
Total Non-Current Liabilities		62,853	-
Total Liabilities		628,581	198,245
Net Assets		**6,377,179**	**2,728,782**
Equity			
Issued capital	14	159,599,915	153,680,857
Reserves	15	1,996,536	1,912,995
Accumulated losses	16	(155,219,272)	(152,865,070)
Total Equity		**6,377,179**	**2,728,782**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

	Issued capital $	Accumulated losses $	Share-based payment reserve $	Foreign exchange translation reserve $	Total $
Balance at 1 January 2018	**150,979,294**	**(146,972,699)**	**1,137,623**	**772,187**	**5,916,405**
Total comprehensive loss for the year					
Loss for the year	-	(5,892,371)	-	-	(5,892,371)
Foreign currency translation	-	-	-	(7,947)	(7,947)
Total comprehensive loss for the year	-	(5,892,371)	-	(7,947)	(5,900,318)
Transactions with owners in their capacity as owners					
Shares issued - placements	1,963,159	-	-	-	1,963,159
Shares issued as consideration for acquisition	798,250	-	-	-	798,250
Cost of issue	(48,714)	-	-	-	(48,714)
Share based payment	(11,132)	-	11,132	-	-
Balance at 31 December 2018	**153,680,857**	**(152,865,070)**	**1,148,755**	**764,240**	**2,728,782**
Balance at 1 January 2019	**153,680,857**	**(152,865,070)**	**1,148,755**	**764,240**	**2,728,782**
Total comprehensive loss for the year					
Loss for the year	-	(2,354,202)	-	-	(2,354,202)
Foreign currency translation	-	-	-	13,879	13,879
Total comprehensive loss for the year	-	(2,354,202)	-	13,879	(2,340,323)
Transactions with owners in their capacity as owners					
Shares issued – placements	4,560,000	-	-	-	4,560,000
Shares issued to advisor	285,000	-	-	-	285,000
Shares issued as consideration for acquisition	1,342,500	-	-	-	1,342,500
Costs of issue	(268,442)	-	-	-	(268,442)
Share based payment	-	-	69,662	-	69,662
Balance at 31 December 2019	**159,599,915**	**(155,219,272)**	**1,218,417**	**778,119**	**6,377,179**

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 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Cash flows from operating activities			
Payments to suppliers and employees – continuing operations		(858,913)	(601,629)
Interest paid on finance leases		(3,263)	-
Interest received		16,781	6,948
Net cash used in operating activities	4	**(845,395)**	**(594,681)**
Cash flows from investing activities			
Cash acquired on acquisition of subsidiary	8	4,017	4,688
Payments for exploration expenditure – continuing operations		(1,633,004)	-
Payments for exploration expenditure – discontinued operations		(127,354)	(152,468)
Investment in term deposit		(100,000)	-
Net cash used in investing activities		**(1,856,341)**	**(147,780)**
Cash flows from financing activities			
Proceeds from issue of shares		4,561,500	1,963,159
Payments for share issue costs		(282,476)	(48,714)
Payment of finance lease liabilities		(22,002)	-
Net cash provided by financing activities		**4,257,022**	**1,914,445**
Net increase in cash and cash equivalents		1,555,286	1,171,984
Cash and cash equivalents at the beginning of the year		1,910,897	739,618
Effect of exchange rate fluctuations on cash		-	(705)
Cash and cash equivalents at the end of the year	4	**3,466,183**	**1,910,897**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Corporate Information

The financial report of Cyprium Metals Limited ("Cyprium Metals" or "the Company") for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 27 March 2020.

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

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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 and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared on a historical cost basis. The presentation currency is Australian dollars.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 22.

(b) Compliance Statement

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

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Cyprium Metals Limited ('the Company') and its subsidiaries as at 31 December each year ('the Group'). Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-company transactions have been eliminated in full. Unrealised losses are also eliminated unless costs cannot be recovered. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position respectively.

(d) Changes in accounting policies and disclosures

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for future reporting years, including AASB 16 Leases. It has been determined by the Directors that other than AASB 16, there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and therefore, no change will be necessary to Group accounting policies.

(e) New standards, interpretations and amendments adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

The Group applied, for the first time during the period, AASB 16 "Leases", however the Group did not have any leases during 2018 so no restatement of prior year comparative figures was required.

AASB 16 Leases
AASB 16 Leases supersedes AASB 117 "Leases". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The Group adopted AASB 16 using the full retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets"). The new accounting policy of the Group upon adoption of AASB 16 on 1 January 2019 is set out at item (s) below.

(f) Foreign Currency Translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Company's controlled entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Cyprium Metals is Australian dollars. The functional currency of the Indonesian subsidiary is the US Dollar and the functional currency of the Canadian subsidiary is the Canadian Dollar.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Group entities
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

(g) Segment Reporting

The Group determines and presents operating segments based on the information that is internally provided to the Board of Directors who are the Group's chief operating decision makers. An operating segment is a component of the Group that engages in business activities whose operating results are reviewed regularly by the Board and for which discrete financial information is available.

The Group has been involved in exploration activities in Indonesia, Canada and Australia and has three geographical operating segments, that its Board reviews to make decisions about resources to be allocated to the segment and to assess its performance. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and exploration and evaluation expenditure.

(h) Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset when the following is satisfied:

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

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

(i) Income Tax

Income tax expense or benefit for the year is the tax payable on the current year's taxable income or loss based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Current and deferred tax expense attributable to amounts recognised directly in equity is also recognised directly in equity.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(j) Impairment of non-financial assets other than goodwill

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

A reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Cash and cash equivalents
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(l) Trade Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified.

A provision for estimated credit losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(m) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of the amount of GST receivable and recoverable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Intangible assets
Intangible assets relate to the option right to farm-in on exploration projects measured at cost. As costs are being incurred with respect to the option commitment, it is capitalised and recognised as an exploration and evaluation expenditure asset.

(o) Trade and other payables
Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are non-interest bearing, unsecured and generally paid within 30 days of recognition. They are recognised initially at fair value less directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method.

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

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(q) Issued capital

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

(r) Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets includes the costs of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the initial estimate, where relevant, of the costs of dismantling and removing items, restoring the site and an appropriate proportion of production overheads. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Depreciation

Plant and equipment, motor vehicles, office equipment, and furniture are recorded at cost and are depreciated over their estimated useful economic lives to their estimated residual values using either straight line or diminishing value methods. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(s) Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

(t) Current and Non-Current Classification
Assets and liabilities are presented in the Statement of Financial Position based on a current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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

(u) Revenue
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

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

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

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Employee Benefits

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. The amount is measured at the amount expected to be paid, including expected on-costs, when liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised, and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, plus expected on-costs. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(x) Share based payment transactions

(i) Equity settled transactions:

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

The cost of 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. The expected price volatility is based on the historic volatility of the Company's share price on the ASX.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cyprium Metals ('market conditions'). 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 year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, 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 comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year. 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 (see note 20).

(ii) Cash settled transactions:

The Company may also provide benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of the Company. The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the year until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(y) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the year in which the estimate is revised if it affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Share-Based Payments:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 14.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

Deferred Tax

In accordance with the Group's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, ore reserves, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

The Group has not recognised a net deferred tax asset for temporary differences and tax losses as at 31 December 2019 on the basis that the ability to utilise these temporary differences and tax losses cannot yet be regarded as probable.

Acquisition of Cyprium Australia Pty Ltd

Key estimates and judgments are applied in the acquisition accounting including determining the type of acquisition, the fair value of the assets and liabilities acquired and the fair value of the consideration paid. The acquisition was determined by the directors to be an asset acquisition as detailed in note 8.

Deferred Exploration and Evaluation Expenditure

Deferred exploration and evaluation expenditure has been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the year in which this determination is made.

(z) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

	2019 $	2018 $
3. Income Tax		
(a) Income tax expense		
Numerical reconciliation of income tax expense to prima facie tax payable:		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:		
Loss before income tax expense	(2,354,202)	(5,892,371)
Tax at the Australian rate of 30% (2018: 30%)	(706,261)	(1,767,711)
Share issue costs	(31,649)	(16,911)
Non-deductible impairment of exploration	291,894	1,547,414
Share-based payments	105,949	-
Non-deductible expenses	44,245	159,775
Income tax benefit not brought to account	259,839	70,981
Adjustment for different tax rates	35,983	6,452
Income tax expense	-	-
(b) Recognised tax assets and liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Exploration and evaluation expenditure	552,323	-
Tax losses recognised	(552,323)	-
Net deferred tax liability/(asset)	-	-
(c) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Accruals and other payables	8,061	6,316
Share issue costs	79,550	41,014
Tax losses Cyprium Metals Limited	812,162	-
Net deferred tax asset not recognised	**899,773**	**47,330**

The deductible temporary differences and tax losses relating to Cyprium Metals Limited do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from. Management is currently reviewing the tax losses incurred prior to 2019 in relation to whether the Company has passed the continuity of ownership test or the same business test, which would ensure that those tax losses are available. The above balances do not include any tax losses incurred prior to 2019.

	2019 $	2018 $
4. Cash and Cash Equivalents		
Cash comprises:		
Cash at bank and on hand	166,183	1,910,897
Short term deposits	3,300,000	-
	3,466,183	**1,910,897**
Reconciliation of operating loss after tax to net cash from operations		
Loss after tax	(2,354,202)	(5,892,371)
Non-cash and non-operating items		
Exploration expenditure impaired and written off	972,979	5,158,046
Impairment of loans receivable	-	172,163
Share based payments	353,162	-
Net exchange differences	317	(6,590)
Employee provisions - Indonesia	(71,104)	11,121
Depreciation	24,280	-
Change in assets and liabilities		
Decrease in receivables	47,565	12,448
(Increase) / decrease in other assets	(28,879)	28,799
Increase / (decrease) in trade and other payables	210,487	(78,297)
Net cash used in operating activities	**(845,395)**	**(594,681)**

Non-cash investing and financing activities

During the year ended 31 December 2019, the Company issued 7,058,750 ordinary shares as consideration for the acquisition of Cyprium Australia Pty Ltd. Refer to note 8 for details of the identifiable assets and liabilities acquired.

During the year ended 31 December 2018, the Company issued 2,575,000 ordinary shares as consideration for the acquisition of GNR Minerals Pty Ltd. Refer to note 8 for details of the identifiable assets/liabilities acquired.

	2019 $	2018 $
5. Receivables - Current		
Other debtors	-	1,590
GST receivable	87,266	7,480
Term deposits	100,000	-
	187,266	**9,070**

	2019 $	2018 $
6. Other Current Assets		
Prepayments	62,457	16,871
Security deposits	24,750	6,929
Monies held in trust (refer note 12)	-	37,230
	87,207	**61,030**

Debtors, other debtors and GST receivable are non-interest bearing and generally receivable on 30-day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

	2019 $	2018 $
7. Right-of-use asset		
Finance Lease	100,587	-
	100,587	**-**
Movements in right-of-use asset:		
Opening balance	-	-
Additions during the year	124,867	
Amortisation for the year	(24,280)	-
Closing balance	**100,587**	**-**
8. Deferred Exploration & Evaluation Expenditure		
Exploration and Evaluation phase - at cost		
Opening balance	946,030	5,158,046
Acquisition of exploration properties – current year[1]	1,309,026	-
Acquisition of exploration properties – comparative year[2]	-	818,561
Exploration expenditure written off (refer to note 9)	(972,979)	(5,158,046)
Exploration and evaluation expenditure incurred during the year	1,882,440	127,469
Closing balance	**3,164,517**	**946,030**

[1] In June 2019, the Group acquired 100% of the share capital of Cyprium Australia Pty Ltd, which holds rights to earn-in and joint venture for an 80% interest in the non-gold rights over the tenements at the Cue Copper Project in Western Australia. This acquisition did not constitute a business combination and the cost of the acquisition have been allocated to the individual identifiable assets and liabilities on the basis of their respective fair values. The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

The identifiable assets acquired upon the acquisition of Cyprium Australia Pty Ltd is as follows:

	$
Purchase consideration:	
7,058,750 Ordinary shares	1,342,500
Identifiable assets/(liabilities) acquired:	
Cash	4,017
Exploration properties	1,309,026
Other assets	29,457
	1,342,500

[2] In May 2018, the Group acquired 100% of the share capital of GNR Minerals Pty Limited which holds exploration tenements in Canada. This acquisition did not constitute a business combination and the cost of the acquisition have been allocated to the individual identifiable assets and liabilities on the basis of their respective fair values. The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

The identifiable assets acquired upon the acquisition of GNR Minerals Pty Limited is as follows:

	$
Purchase consideration:	
2,575,000 Ordinary shares (pre-share split)	798,250
Identifiable assets/(liabilities) acquired:	
Cash	4,688
Exploration properties	818,561
Trade and other payables	(24,999)
	798,250

9. Discontinued Operations

The Manitou Gold Project tenements held by the Company in North-western Ontario Canada reduced from 245 km^2 to 5 km^2 during the year ended 31 December 2019. The Board has impaired the fair value of the Canadian assets to $nil as at 31 December 2019. An amount of $972,979 relating to previously capitalised exploration expenditure forms part of the discontinued operation. In addition, $100,088 of exploration costs relating to the Trenggalek Project have also been allocated to discontinued operations in the Statement of Profit or Loss and Other Comprehensive Income in the current period.

Following the acquisition of GNR Minerals Pty Limited, the Company's focus shifted away from the Indonesian assets (Trenggalek Project) to the Manitou Gold Project in Ontario, Canada. The Board had impaired the fair value of the Indonesian assets to $nil at the end of 2018. An amount of $5,158,046 relating to previously capitalised exploration expenditure forms part of the discontinued operations in the Statement of Profit or Loss and Other Comprehensive Income in the comparative period. In addition, $172,163 relating to an impairment of loans receivable has also been allocated to discontinued operations in the Statement of Profit or Loss and Other Comprehensive Income in the prior year.

	2019 $	2018 $
Manitou Gold Project	972,979	-
Trenggalek Project	100,088	-
Indonesian assets	-	5,158,046
Impairment of loans receivable	-	172,163
Loss after tax from discontinued operations	**1,073,067**	**5,330,209**

Notes to the Consolidated Financial Statements
for the year ended 31 December 2019

	2019 $	2018 $
10. Trade and Other Payables		
Trade payables and accrued expenses	413,120	85,651
Other consumption taxes payable	112,597	4,260
	525,717	**89,911**

Trade creditors and other creditors are non-interest bearing and generally payable on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

	2019 $	2018 $
11. Lease liabilities		
Leased premises - current	40,011	-
Lease premises - non-current	62,853	-
	102,864	-
Movement in lease liabilities		
Opening balance	-	-
Additions	124,867	-
Principal repayments	(22,003)	-
Closing balance	**102,864**	**-**
12. Other Current Liabilities		
Amounts payable to other persons	-	37,230
	-	**37,230**
13. Provisions		
Current Liabilities		
Post-employment benefits	-	71,104
	-	**71,104**

The above post-employment benefits relate to a defined benefit scheme operating for employees in the subsidiary of the Group, PT Indonusa Mining Services.

14. Issued Capital

(a) Issued and paid-up capital

	2019 $	2018 $
Issued and fully paid	**159,599,915**	**153,680,857**

	31 December 2019 Number of shares	31 December 2019 $	31 December 2018 Number of shares	31 December 2018 $
(b) Movements in ordinary shares on issue				
Opening Balance	25,250,732	153,680,857	5,392,212	150,979,294
Shares issued and fully paid	-	-	908,154	463,159
Shares issued as consideration for acquisition [1]	7,058,750	1,342,500	2,575,000	798,250
Shares split on a 1:2 basis [2]	-	-	8,875,366	-
Shares issued - placements	22,250,000	4,560,000	7,500,000	1,500,000
Shares issued to corporate advisor [4]	1,500,000	285,000	-	-
Transaction costs on share issues [3]	-	(268,442)	-	(59,846)
	56,059,482	**159,599,915**	**25,250,732**	**153,680,857**

[1] 7,058,750 fully paid ordinary shares were issued to the vendors of Cyprium Australia Pty Ltd and Musgrave Minerals Limited for the acquisition of the Cue Copper Project in Western Australia in the current year (refer to Note 8). 2,575,000 fully paid ordinary shares were issued to the vendors of GNR Minerals Pty Limited for the acquisition of the Company's Manitou Gold Project in Canada in the comparative period (refer to Note 8).

[2] The share split approved by shareholders on 30 May 2018, was completed on 12 June 2018.

[3] The transaction costs on share issues of $59,846 during 2018 includes an amount of $11,132 being the value of 150,000 options (pre-share split) exercisable at $0.75 on or before 10 October 2019 issued pursuant to a Lead Manager Mandate dated 8 November 2017.

[4] As approved at the Company's Annual General Meeting on 29 May 2019, 1,500,000 fully paid ordinary shares were issued to a corporate advisor for consideration received of $1,500. These shares were valued at the Company's share price at that time. The value above the consideration received, namely $283,500 has been recorded as a share-based payment.

(c) Performance Shares

As at 31 December 2019, there were 1,030,000 performance shares on issue. The Performance Shares will convert to ordinary shares if the Company is able to release a Canadian National Instrument 43-101 report or equivalent JORC Report announcing a minimum of 1.0 million ounces inferred resource at a minimum cut-off of 0.5 g/t within 5 years of the acquisition date. The fair value of the Performance Shares issued is based on the directors' assessment of those shares that are likely to convert to ordinary shares. Given the early-stage nature of the Company's Projects, the remaining project area and the limited exploration actives undertaken to date, the performance shares are considered less likely than likely to convert to ordinary shares. As a result, the fair value of the performance shares to be brought to account is considered to be nil. The directors will continue to reassess this position at each reporting period.

(d) Performance Rights

As approved at the Company's Annual General Meeting on 29 May 2019, the following performance rights were issued under the Company's Incentive Performance Rights Plan to directors (or their associates) (6,400,000 in June 2019) and senior management (6,000,000 in July 2019). These rights are exercisable at nil cost and expire during June and July 2024 respectively:

	Vesting Conditions				
	1	2	3	4	Total
Nicholas Rowley	500,000	400,000	400,000	400,000	1,700,000
Barry Cahill	700,000	600,000	600,000	600,000	2,500,000
Gary Comb	700,000	500,000	500,000	500,000	2,200,000
Other	1,875,000	1,375,000	1,375,000	1,375,000	6,000,000
Total	**3,775,000**	**2,875,000**	**2,875,000**	**2,875,000**	**12,400,000**

<u>Vesting conditions</u>

1. Completion of a transaction to acquire or earn into majority ownership interests in projects
2. Release of a Copper mineral resource of at least 80,000 tonnes
3. Announcement of a Scoping Study or the average share price of $0.35 per share for 5 consecutive days
4. Board resolves to proceed with a Definitive Feasibility Study or the average share price of $0.40 per share for 5 consecutive days

The performance rights which are subject to vesting conditions 1 and 2 above are valued at $0.19 each, being the Company's share price at the date of the Company's AGM held on 29 May 2019. The value of these rights will be brought to account when the Directors consider that these vesting conditions are probable of being achieved. At this stage of the Company's development, the Directors do not consider it appropriate to bring the value of these rights to account. The performance rights which are subject to vesting conditions 3 and 4 above are valued at $0.124 and $0.119 each respectively. These valuations are based on a binomial valuation model using the following major inputs:

- Share price at date of approval $0.19
- Risk free interest rate 1.18%
- Volatility 70.9%
- Expiry date June and July 2024

The value of these rights will be brought to account over the vesting period.

(e) Options

During the year, 200,000 options exercisable at $0.375 expired on 10 October 2019 unexercised.

	2019 $	2018 $
15. Reserves		
Foreign exchange translation reserve	778,119	764,240
Share-based payment reserve	1,218,417	1,148,755
	1,996,536	**1,912,995**
Movements in Reserves		
Foreign exchange translation reserve		
Opening balance	764,240	772,187
Foreign exchange translation difference	13,879	(7,947)
Closing balance	**778,119**	**764,240**

The foreign exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Share-based payment reserve		
Opening balance	1,148,755	1,137,623
Share based payments expense	69,662	11,132
Closing balance	**1,218,417**	**1,148,755**

The share-based payments reserve relates to the cumulative expense for share options granted to directors, employees and contractors in prior periods and performance rights granted to directors and employees in the current year. Upon the exercise of the options or conversion of the performance rights, the balance of the reserve relating to those securities is transferred to issued capital.

16. Accumulated Losses		
Movements in accumulated losses were as follows:		
Opening balance	(152,865,070)	(146,972,699)
Loss for the year	(2,354,202)	(5,892,371)
Closing balance	**(155,219,272)**	**(152,865,070)**

	2019 $	2018 $
17. Directors and Key Management Personnel Disclosures		
(a) Remuneration of Directors and Key Management Personnel		
Details of the nature and amount of each element of the emolument of each Director and key management personnel of the Company for the financial year are as follows:		
Short-term employee benefits	239,655	122,694
Share-based payments	36,345	-
Other benefits	19,631	4,529
Total remuneration	**295,631**	**127,223**

(b) Other transactions with key management personnel

Gilbert + Tobin Lawyers, of which Marcello Cardaci is a partner received professional service fees of $34,621 during the year ended 31 December 2019 (2018: $3,666).

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms.

18. Related Party Disclosures

(a) Key management personnel

For Director related party transactions please refer to note 17 "Key Management Personnel Disclosures".

Subsidiaries

The consolidated financial statements include the financial statements of Cyprium Metals Limited and the following subsidiaries:

Name of Entity	Country of Incorporation	Equity Holding 2019	Equity Holding 2018
Cyprium Australia Pty Ltd	Australia	100%	-
GNR Minerals Pty Ltd	Australia	100%	100%
PT Indonusa Mining Services	Indonesia	100%	100%

	2019 $	2018 $
19. Auditor's Remuneration		
Audit services:		
Amounts received or due and receivable by the auditors of the parent company		
Nexia – Australia:		
- Audit and review of financial reports	-	25,000
HLB Mann Judd:		
- Audit and review of financial reports	36,680	20,000
Amounts received or due and receivable by the subsidiary auditor:		
Persek. Kanaka Puradiredja, Suhartono – Indonesia:		
- Audit and review of financial reports	-	3,959
	36,680	**48,959**
Other services:		
Nexia - Australia		
- Tax compliance and consulting services	-	4,500
	-	**4,500**
	36,680	**53,459**

	2019 $	2018 $
20. Loss per Share		
Loss used in calculating basic and diluted EPS		
From continuing and discontinued operations	(2,354,202)	(5,892,371)
Loss used in calculating basic and diluted EPS		
From continuing operations	(1,281,135)	(562,162)

	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic loss per share:	36,761,852	16,988,326
Basic and diluted loss per share (cents per share) from continuing and discontinued operations	(6.40)	(34.68)
Basic and diluted loss per share (cents per share) from continuing operations	(3.48)	(3.31)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

21. Financial Risk Management

Exposure to foreign currency risk, credit risk, liquidity risk and interest rate risk arises in the normal course of the Company's business. The Company uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors. Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Directors expect that present levels of liquidity along with future capital raising will be adequate to meet expected capital needs.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Company manages the risk by investing in short term deposits.

	2019 $	2018 $
Cash and cash equivalents	3,466,183	1,910,897

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss ($) 2019	Effect on equity including accumulated losses ($) Increase/(Decrease) 2019	Effect on Post Tax Loss ($) 2018	Effect on equity including accumulated losses ($) Increase/(Decrease) 2018
Increase 75 basis points	25,996	25,996	14,332	14,332
Decrease 75 basis points	(25,996)	(25,996)	(14,332)	(14,332)

A sensitivity of 75 basis points has been used as this is considered reasonable given the current level of both short term and long-term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's maximum credit exposure is the carrying amounts on the statement of financial position. The Company holds financial instruments with credit worthy third parties. At 31 December 2019, the Company held cash at bank with all of the Company's cash being held in financial institutions with a rating from Standard & Poors of AA or above (long term). The Company has no past due or impaired debtors as 31 December 2019.

(d) Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

2019	Liabilities $	Assets $
US Dollar	-	392

(e) Fair value measurement

The Directors consider that the carrying value of current receivables and current payables approximate their fair values.

22. Parent Entity Information

The following details information related to the parent entity, Cyprium Metals Limited, at 31 December 2019. The information presented has been prepared using consistent accounting policies with those presented in note 2.

	2019 $	2018 $
Current assets	3,627,016	1,947,948
Total assets	6,804,358	2,898,666
Current liabilities	(438,669)	(122,461)
Total liabilities	(438,669)	(122,461)
Net assets	**6,365,689**	**2,776,205**
Issued capital	159,599,915	153,680,857
Reserves	1,218,417	1,148,756
Accumulated losses	(154,452,643)	(152,053,408)
	6,365,689	**2,776,205**
Loss of the parent entity	(2,399,235)	(5,848,052)
Total comprehensive loss of the parent entity	**(2,399,235)**	**(5,848,052)**

Other Commitments
The Company had no commitments as at 31 December 2019.

Contingent Liabilities
The Company had no contingent liabilities as at 31 December 2019.

23. Contingent Assets and Liabilities
There are no known contingent assets or liabilities as at 31 December 2019 (2018: nil).

24. Dividends
No dividend was paid or declared by the Company in the year ended 31 December 2019 or the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 31 December 2019.

25. Significant Events after the Reporting Date
There are no significant events subsequent to the end of the financial year to the date of this report that are required to be disclosed.

26. Segment Information
The Group has identified its operating segments based on the internal reports that are reported to the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group operates predominately in one industry, being the exploration of mineral resources. The main geographic areas that the entity operated in during the year are Australia, Canada and Indonesia.

The following table present revenue, expenditure and certain asset and liability information regarding geographical segments for the year ended 31 December 2019 and 31 December 2018:

31 December 2019	Continuing Operations Australia / Corporate $	Discontinued Operations Canada $	Discontinued Operations Indonesia $	Total $
Interest income	16,781	-	-	16,781
Segment revenue	**16,781**	-	-	**16,781**
Employee expenses	(518,232)	-	-	(518,232)
Exploration expenditure	-	-	(100,088)	(100,088)
Other expenses	(762,586)	-	-	(762,586)
Exploration asset impairment	-	(972,979)	-	(972,979)
Unrealised foreign exchange loss	(317)	-	-	(317)
Loss for the year after tax	**(1,281,135)**	**(972,979)**	**(100,088)**	**(2,354,202)**
Asset and liabilities				
Segment assets	7,005,760	-	-	7,005,760
Segment liabilities	(628,581)	-	-	(628,581)
Other Information				
Acquisition of non-current assets:				
Exploration and evaluation expenditure	3,164,517	-	-	3,164,517
Right-of-use asset	124,867	-	-	124,867

31 December 2018	Continuing Operations Australia / Corporate $	Discontinued Operations Canada $	Discontinued Operations Indonesia $	Total $
Interest income	6,948	-	-	6,948
Segment revenue	**6,948**	-	-	**6,948**
Employee expenses	(187,416)	-	-	(187,416)
Other expenses	(380,336)	-	-	(380,336)
Impairment of loans receivable	-	-	(172,163)	(172,163)
Exploration asset impairment	-	-	(5,158,046)	(5,158,046)
Unrealised foreign exchange loss	(1,358)	-	-	(1,358)
Loss for the year after tax	**(562,162)**	-	**(5,330,209)**	**(5,892,371)**
Asset and liabilities				
Segment assets	1,980,997	946,030	-	2,927,027
Segment liabilities	(198,245)	-	-	(198,245)
Other Information				
Acquisition of non-current assets:				
Exploration and evaluation expenditure	-	946,030	-	946,030

27. Commitments

As disclosed in Note 8, the Group holds rights to earn-in and joint venture for an 80% interest in the non-gold rights over the tenements at the Cur Copper Project in Western Australia. Currently, Musgrave Minerals Ltd is the registered holder of these tenements and was issued 1,308,750 fully paid shares in Cyprium when Cyprium exercised its earn-in option.

The following amounts are payable to Musgrave on achievement of certain milestones:

a) Upon the delineation of 80,000 t of contained copper, Cyprium will pay Musgrave cash of $200,000 or issue Musgrave shares to the value of $200,000 based on a 15 day VWAP; and

b) Upon a decision to mine, Cyprium will pay Musgrave cash of $300,000 or issue Musgrave shares to the value of $300,000 based on a 15 day VWAP.

In order to earn its 80% interest in the project, Cyprium is required to spend $2,000,000 on the project within two years of the earn-in exercise date of 14 June 2019.

Directors' Declaration

In accordance with a resolution of the Directors of Cyprium Metals Limited, I state that:

1. In the opinion of the Directors:

   a) the financial statements and notes of Cyprium Metals Limited for the year ended 31 December 2019 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the year ended on that date; and

      ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).

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

3. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 31 December 2019.

On behalf of the Board

Gary Comb
Chairman, Non-Executive Director

Perth, WA
27 March 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Cyprium Metals Limited for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
27 March 2020

L Di Giallonardo
Partner

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the members of Cyprium Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cyprium Metals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 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 then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Acquisition of Cyprium Australia Pty Ltd (Refer to Note 8)	
In June 2019, the Group acquired 100% of the share capital of Cyprium Australia Pty Ltd, which holds rights to earn-in and joint venture for an 80% interest in the non-gold rights over the tenements at the Cue Copper Project in Western Australia. The consideration for this acquisition comprised the issue of 7,058,750 fully paid shares in the Company valued at $1,342,500. We considered this acquisition to be a key audit matter as it is material and involved a significant degree of audit effort and communication with those charged with governance.	Our procedures included but were not limited to the following: • We read the heads of agreement to understand its key terms and conditions; • We considered the appropriate treatment of the acquisition as an asset acquisition or a business combination; • We obtained audit evidence that the acquisition date assets and liabilities of Cyprium Australia Pty Ltd were fairly stated; and • We assessed the adequacy of the Group's disclosures in the financial report with respect to this acquisition.
Carrying value of Deferred Exploration and Evaluation Expenditure (Refer to Note 8)	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises acquisition costs of rights to explore as well as subsequent exploration and evaluation expenditure and applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the deferred exploration and evaluation expenditure, because this is a significant asset of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the deferred exploration and evaluation expenditure may exceed its recoverable amount.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the carrying values of deferred exploration and evaluation expenditure; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for the year ending 31 December 2020 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; • We reviewed the Directors' reasoning to support the decision to impair the carried forward expenditure relating to the Canadian assets; and • We examined the disclosures made in the financial report.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Cyprium Metals Limited for the year ended 31 December 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L D Giallonardo
Partner

Perth, Western Australia
27 March 2020

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 26 March 2020.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	324	114,726
1,001 - 5,000	190	451,882
5,001 - 10,000	51	405,579
10,001 - 100,000	142	6,644,673
100,001 - and over	104	48,442,622
TOTAL	**811**	**56,059,482**

There were 515 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Shares	%
ARALAD MANAGEMENT PTY LTD <TRK SUPER FUND A/C>	2,913,525	5.2
ILWELLA PTY LTD	2,380,952	4.25
ASHANTI INVESTMENT FUND PTY LTD <ASHANTI INVESTMENT FUND A/C>	1,510,288	2.69
BLUEDALE PTY LTD <COMB SUPERANNUATION FUND A/C>	1,476,190	2.63
ZERO NOMINEES PTY LTD	1,330,000	2.37
MUSGRAVE MINERALS LIMITED	1,308,750	2.33
BIG BEAR NOMINEES PTY LTD <BIG BEAR FAMILY A/C>	1,178,750	2.1
JET CAPITAL PTY LTD <THE JET CAPITAL A/C>	1,100,000	1.96
MR WAYNE FRANK APTED	1,000,000	1.78
RMVW PTY LTD <RMVW FAMILY A/C>	1,000,000	1.78
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	950,596	1.7
UBS NOMINEES PTY LTD	945,278	1.69
MR ROBERT ANTHONY HAMILTON <R HAMILTON FAMILY A/C>	776,250	1.38
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	775,000	1.38
BOTSIS HOLDINGS PTY LTD	750,000	1.34
INFINITY RESOURCES PTY LTD	718,750	1.28
BLUEDALE PTY LTD <COMB SUPER FUND A/C>	718,750	1.28
PVL CONSULTING PTY LTD <FT A/C>	718,750	1.28
MR WAYNE FRANK APTED	718,750	1.28
SLAM CONSULTING PTY LTD <DAR FAMILY A/C>	700,000	1.25
	22,970,579	**40.98**

Substantial Shareholders

There are no substantial shareholders of Cyprium Metals Limited.

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 31 December 2019.

Performance Shares

Class	Number	Holders with more than 20%
The Performance Shares will convert to ordinary shares if the Company is able to release a Canadian National Instrument 43-101 report or equivalent JORC Report announcing a minimum of 1moz inferred resource at minimum cut-off of 0.5 g/t within the next 5 years, in relation to the Company's Manitou gold project in Canada.	1,030,000	- Steven Edward Daniel Siemieniuk 772,000 Performance Shares - Christian Frederick Jagd Carl 258,000 Performance Shares

Performance Rights

As at the date of this report there were 12,400,000 performance rights on issue, expiring in June and July 2024. The details of the performance shares are as follows:

Performance Condition	Number
Completion of a transaction to acquire or earn into majority ownership interests in projects with exploration and mining tenements	3,775,000
Anouncement of the delineation of 80,000t of contained copper (within any Mineral Resource category) upon the Projects	2,875,000
Each Performance Right will vest upon the earlier of: ▪ Announcement of a Scoping Study that confirms the positive economics of the Projects; or ▪ The volume weighted average price of the Shares equals or exceeds $0.35 per Share for 5 consecutive trading days	2,875,000
Each Performance Right will vest upon the earlier of: ▪ Board approval to Proceed with a Project Definitive Feasibility Study; or ▪ The volume weighted average price of the Shares equals or exceeds $0.40 per Share for 5 consecutive trading days	2,875,000
Total	12,400,000

About Cyprium Metals Limited

Cyprium Metals Limited (ASX Code: CYM) is an Australian-listed company with exploration projects in Australia and Canada. The Company is focused on progressing the Cue Copper Project.

The Company has an option to earn-in and joint venture for an 80% interest in the non-gold rights over the Musgrave Minerals Limited tenements at the Cue Copper Project, which is located approximately 20km to the east of Cue in the Murchison region of Western Australia.

The region is host to a number of base metals deposits and the Hollandaire copper mineralisation is open to the south-west and at depth. In conjunction with the Hollandaire and Hollandaire West extensional drilling, the Company is prioritising its other exploration drill targets. Metallurgical test-work is being conducted to determine the optimal copper extraction method.

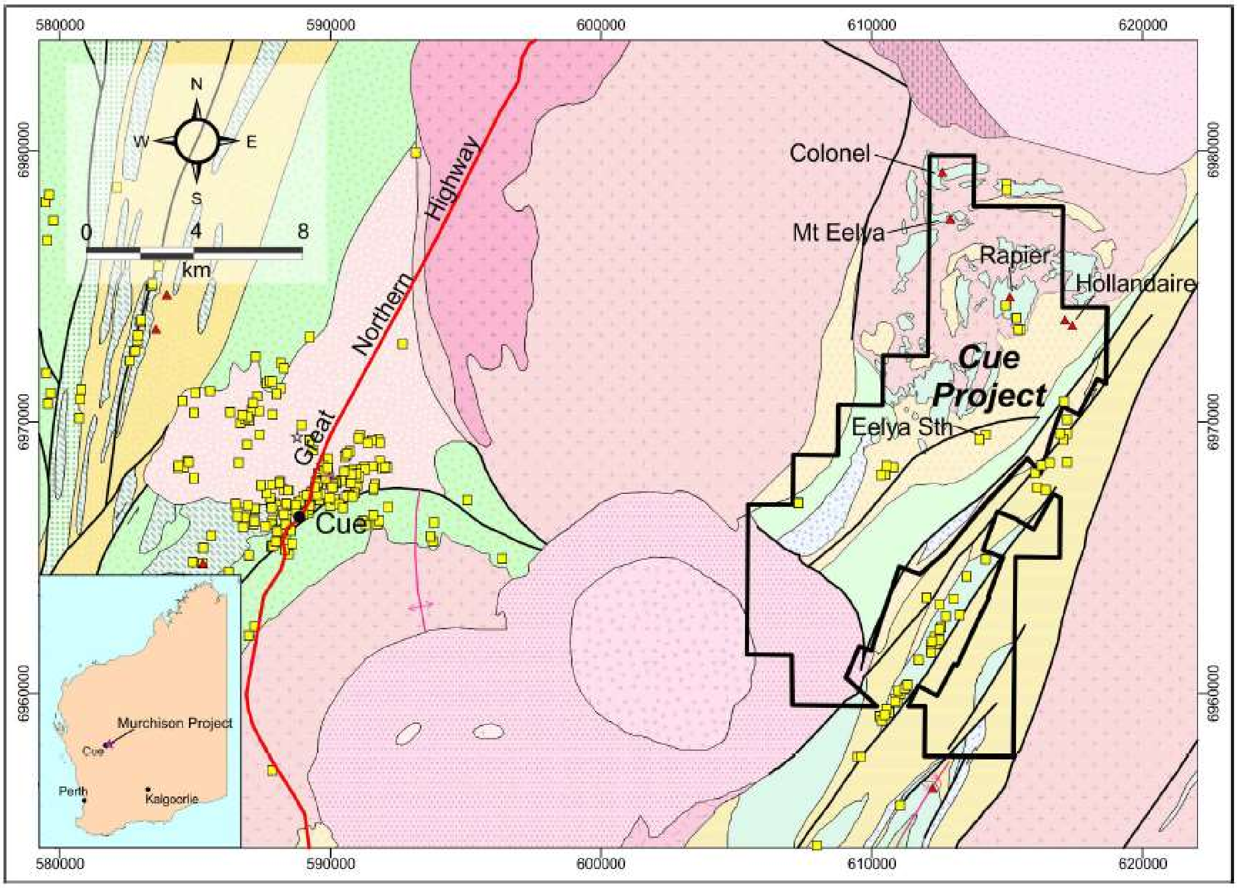

Figure 7 | Location of the Cue Copper Project tenements

The Manitou Project is located approximately 60km South of Dryden, Ontario, Canada. The Project is strategically located in a geologically favourable Archean sub-province.

Tenement Information

Tenement	Location	Interest
AUSTRALIA		
Musgrave Minerals Limited has granted Cyprium Australia Pty Ltd an option to earn-in and joint venture for an 80% interest in the non-gold rights over the following tenements at the Cue Copper Project, WA: M20/0225, M20/0245, M20/0277, E20/0606, E20/0608, E20/0616, E20/0629, E20/0630, E20/0659, E20/0698, E20/0699, E20/0700, E20/0836, P20/2279, M20/526	Cue, WA	-%
CANADA		
The Manitou Gold Project consists of unpatented mining claims. GNR Minerals Pty Ltd owns 100% of all claims. Claim numbers are as follows: 4276785, 4276786 ,4276787, 4286148	Ontario, Canada.	100%

CYPRIUM

METALS LIMITED

ANNUAL REPORT

31 December 2019

(formely ARC Exploration Limited)