



GALILEO MINING LTD
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2020

GALILEO MINING LTD

ABN 70 104 114 132

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CHAIRMAN'S LETTER

Dear Shareholder,

2020 has been a pivotal year in the short history of Galileo Mining Ltd in which we accelerated exploration across our Fraser Range nickel joint venture project in Western Australia.

In twelve short months, we completed three rounds of aircore drilling, we have undertaken on-ground EM surveying and we have followed that up with RC drilling programs.

Our optimism for discovering nickel sulphide is well founded. In March 2020 our first ever RC drilling program at the Lantern Prospect intersected disseminated nickel-copper sulphide mineralisation with drillhole LARC003 returning 12 metres at 0.38% nickel, 0.33% copper from 124 metres down hole including 5 metres at 0.49% nickel and 0.46% copper from 126 metres.

During the period, we also laid the groundwork for further RC drilling which was followed by the first ever diamond core drilling at Lantern Prospect, both of which began post year end.

At the same time, we carried out an extensive program of EM surveying aiming to identify new zones of mineralisation in an area that is displaying all the right signs of becoming a significant nickel exploration project.

Results from fixed Loop EM surveying showed a new conductive target 1.5km along strike from known sulphide mineralisation intersected at LARC003. This is an encouraging sign in our exploration for new nickel deposits as conductive targets can be associated with significant amounts of nickel sulphides.

While we have been encouraged by our success on the ground during 2020, the year wasn't without its tough times.

The sudden passing of our Non-Executive Chairman Simon Jenkins in December 2019 was a very sad time for myself and for the Company. In his role, Simon contributed greatly at the board level by providing a deep understanding of the corporate environment in particular during the 2018 public listing of the Company. Our thoughts are still very much with his family and friends.

Looking ahead, we are entering a very exciting period with results pending for our first diamond drilling program at the Lantern Prospect. And over the next three to six months we will be conducting additional drilling to further advance our exploration projects.

We have a pipeline of prospects; we have identified nickel sulphide mineralisation and the area we are exploring continues to prove it is one of the world's best emerging nickel provinces.

As a shareholder, I thank you for joining us on our journey as we target exploration success with the strong ambition to discover the next nickel mine in the Fraser Range region.

Yours faithfully,



Brad Underwood

Chairman/Managing Director

GALILEO MINING LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The directors present their report on the Company and the Group (consisting of the Company and the entities it controlled during the period) for the financial year ended 30 June 2020.

DIRECTORS

The following directors have been in office since the start of the financial year to the date of this report unless otherwise stated:

- Richard (Brad) Underwood (Managing Director and Chairman effective from 26 December 2019)
- Noel O'Brien (Technical Director)
- Mathew Whyte (Non-executive Director) (Appointed 26 December 2019)
- Simon Jenkins (Chairman) (Ceased 24 December 2019)

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS AND FINANCIAL POSITION

The net loss of the Group for the financial year ended 30 June 2020 after providing for income tax amounted to \$912,561 (2019: \$1,097,116).

The Group has not reached a stage in its development where it is generating an operating profit. All the Group's efforts go into project exploration and evaluation.

At the end of the financial period the Group had cash on hand, including deposits of \$8,697,061 (2019: \$7,070,456) and Net Assets of \$19,944,176 (2019: \$15,956,047).

DIVIDENDS

No dividends have been declared since the end of the previous financial year and no dividends have been recommended by the directors.

REVIEW OF OPERATIONS

Galileo has two highly prospective West Australian resource and exploration projects being:

- 1) The Fraser Range Project with exploration tenements prospective for nickel-copper-cobalt deposits, and
- 2) The Norseman Project with a JORC compliant cobalt-nickel resource.

During the financial year, the Group's main activities were on exploration at the Fraser Range Project through a series of drilling campaigns, electromagnetic (EM) surveying and other exploration activities.

Mine lease and miscellaneous license applications at the Norseman Cobalt Project made considerable progress during the period however the fall in cobalt price has meant development work at the project is now a secondary focus for the Group. If cobalt prices improve in the future, Norseman may again become a significant focus of the Group's exploration and development programme. Post period end the mine lease and associated miscellaneous licenses for the Norseman Cobalt Project were granted. Project permit approvals will be a considerable value-add to the asset base at Norseman in the event cobalt prices recover sufficiently.

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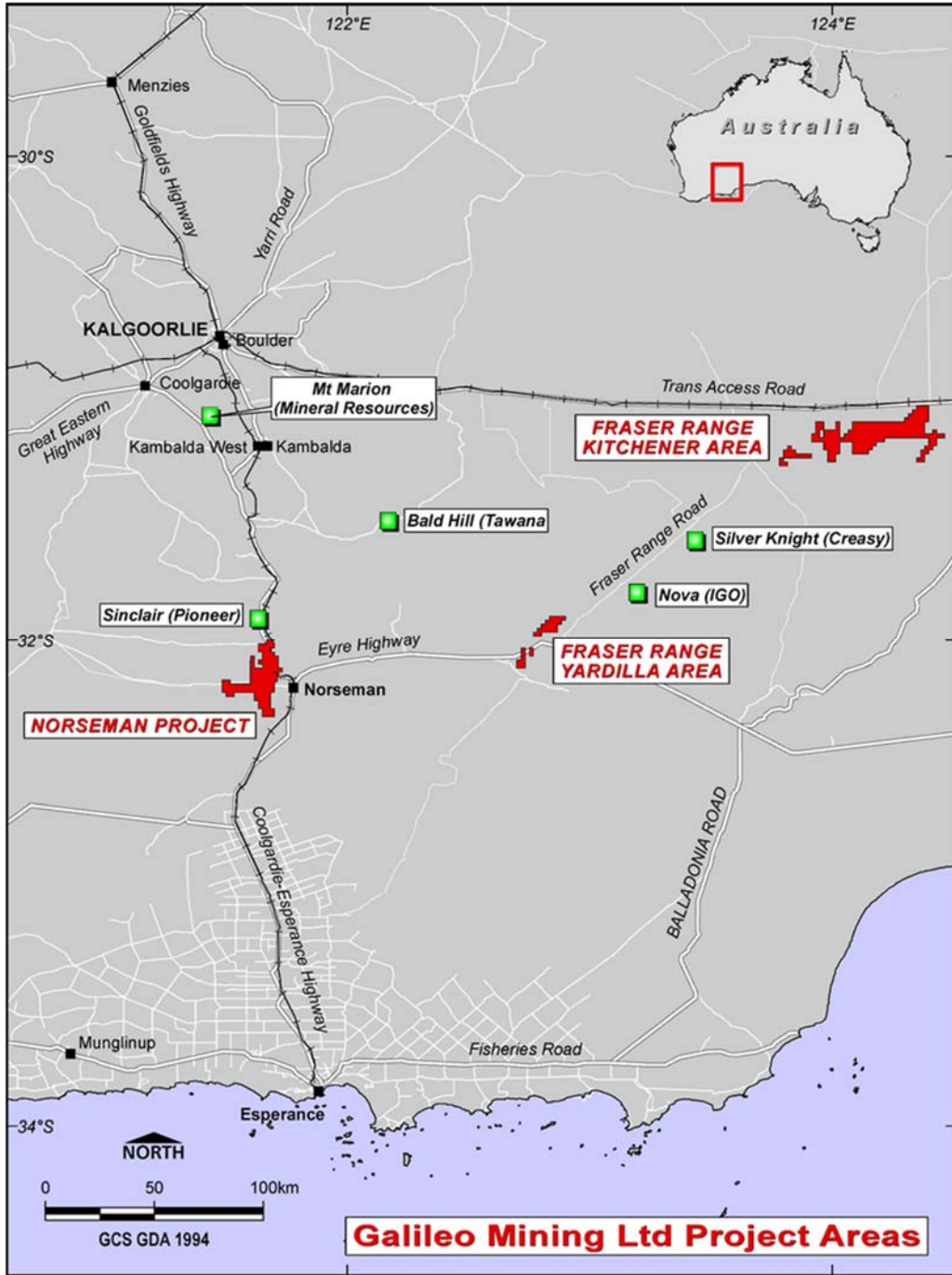


Figure 1: Galileo Mining’s Project Areas

Highlights of the Group’s activities during the year include:

Fraser Range Project (JV with Creasy Group)

- First ever Reverse Circulation (RC) drilling program undertaken at the highly prospective Lantern nickel target
- RC drill hole (LARC003) at Lantern intersects disseminated nickel copper sulphide mineralisation ⁽¹⁾:
 - 12m @ 0.38% Ni, 0.33% Cu from 124 metres down hole including 5m @ 0.49% Ni, 0.46% Cu from 126m

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- Three aircore drilling programs within the northern Fraser Range Project area including;
 - 3,069m at Lantern and new prospect Delta Blues (October 2019)
 - 1,058 metres at the Lantern South Prospect (March 2020, postponed early due to COVID-19 precautions)
 - 8,839 metres at and surrounding the Lantern Prospect (May 2020)
- Aircore drilling results confirmed the ultramafic unit at Lantern South with further nickel assays⁽²⁾ of
 - 27m @ 0.18% nickel from 48m (LAAC116) and
 - 17m @ 0.17% nickel from 48m (LAAC235)
- Results from fixed Loop EM surveying at the Lantern area show a new conductive target named Lantern East which occurs at a highly prospective location on the margin of a large intrusion and is 1.5km along strike from known sulphide mineralisation intersected at Lantern South
- Petrography results from reconnaissance aircore drilling identified additional nickel prospective rocks beneath shallow cover along trend from the Lantern area
- Petrography results and magnetic interpretation of the new Delta Blues prospect suggests scope for large scale intrusions with potential for nickel sulphide mineralisation
- Drilling results combined with magnetic data show three new intrusions named Think Big, Backwood and Green Moon

Norseman Project (100% owned)

- Follow-up Reverse Circulation (RC) drilling targeting copper and gold completed with 1,279m of RC drilling undertaken at the Subzero Prospect and other early stage prospects within the project area
- RC drilling at Subzero and at the new Roadside Prospect demonstrates mineralised copper and zinc trends over 800 metres in strike length
- Zones of copper and zinc mineralisation in six drill holes including⁽³⁾ :
 - 15m @ 0.13% copper & 0.45% zinc from 51m (NRC253)
 - 9m @ 0.14% copper & 0.67% zinc from 84m (NRC257)
 - 6m @ 0.16% copper & 0.75% zinc from 102m (NRC259)

Corporate

- Well-funded to continue exploration with approximately \$8.7 million in cash and deposits as at 30 June 2020 - putting the Group in a secure position during the current period of economic uncertainty.
- Completed a well-supported capital raising of \$5 million from a range of existing and new sophisticated and institutional investors.
- Sudden passing of Non-Executive Chairman Simon Jenkins saw Brad Underwood appointed Chairman while Company Secretary, Mathew Whyte, joined the Board as a Non-Executive Director.
- The COVID-19 global health emergency resulted in a short-term postponement of exploration field activities during March 2020. The Western Australian government released definitive operating guidelines for exploration companies shortly afterwards and exploration operations resumed. The future risk from COVID-19 to Galileo's operations in Western Australia appears limited however the Group continues to monitor government advice and to take all reasonable precautions.

⁽¹⁾ Refer to Galileo's ASX Announcement dated 16th March 2020

⁽²⁾ Refer to Galileo's ASX Announcement dated 22nd June 2020

⁽³⁾ Refer to Galileo's ASX Announcement dated 19th December 2019

Fraser Range Project

The Fraser Range Project covers exploration licences totalling 602 km² in the Albany-Fraser Orogen. The Albany-Fraser Orogen is dominated by the northeast-trending Fraser Zone, a suite of high-grade metamorphic rocks that have a distinct geophysical signature in both aeromagnetic and gravity data. The Fraser Zone comprises mainly metagabbroic rocks interlayered with sheets of granitic gneisses. Galileo’s Fraser Range Project is located across two areas – the northern Kitchener zone which hosts the company’s Lantern and Delta Blues prospects and the southern Yardilla zone which holds the Empire Rose Prospect.

The project is well positioned within the nickel-copper bearing Fraser Range Zone, with the Nova Bollinger and Silver Knight deposits located between the two Galileo-controlled areas. The location also offers excellent access to infrastructure, with the main Eyre Highway immediately south of the Fraser Range Project area.

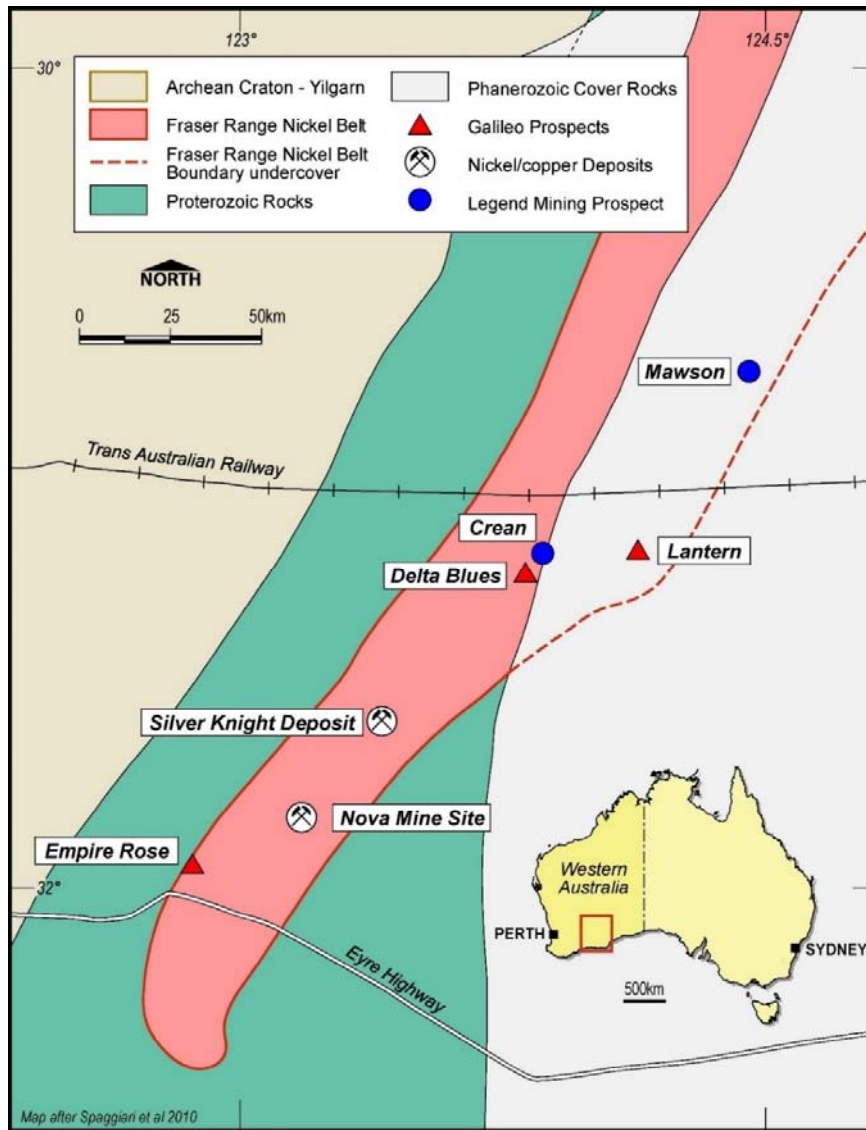


Figure 2: Galileo Prospect Locations in the Fraser Range Nickel Belt

- 1) Maiden RC drilling

During the period, the Group achieved a major milestone delivering significant nickel and copper assay results

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from the Group's maiden Reverse Circulation (RC) drilling campaign at the Lantern Prospect.

Three Reverse Circulation (RC) drill holes were completed around an existing geochemical anomaly generated from aircore drilling undertaken in 2019. Two drill holes (LARC001 and LARC002) confirmed the geochemical anomaly while the third drill hole (LARC003) identified the source of the anomaly by intersecting nickel-copper sulphide mineralisation in fresh rock.

Disseminated sulphide mineralisation in LARC003, with an estimated maximum of 12 per cent sulphide over a one metre interval, occurs at a contact zone between a mafic/ultramafic intrusion and the host country rock.

Results reported at a 0.1% copper cut-off grade for the three drill holes are as follows (Figure 2) ⁽¹⁾:

- LARC001 10m @ 0.21% nickel and 0.14% copper from 62m (weathered rock)
- LARC002 21m @ 0.19% nickel and 0.18% copper from 59m (weathered rock)
- LARC003 12m @ 0.38% nickel and 0.33% copper from 124m (sulphide)
- LARC003 5m @ 0.13% nickel and 0.13% copper from 150m (sulphide)

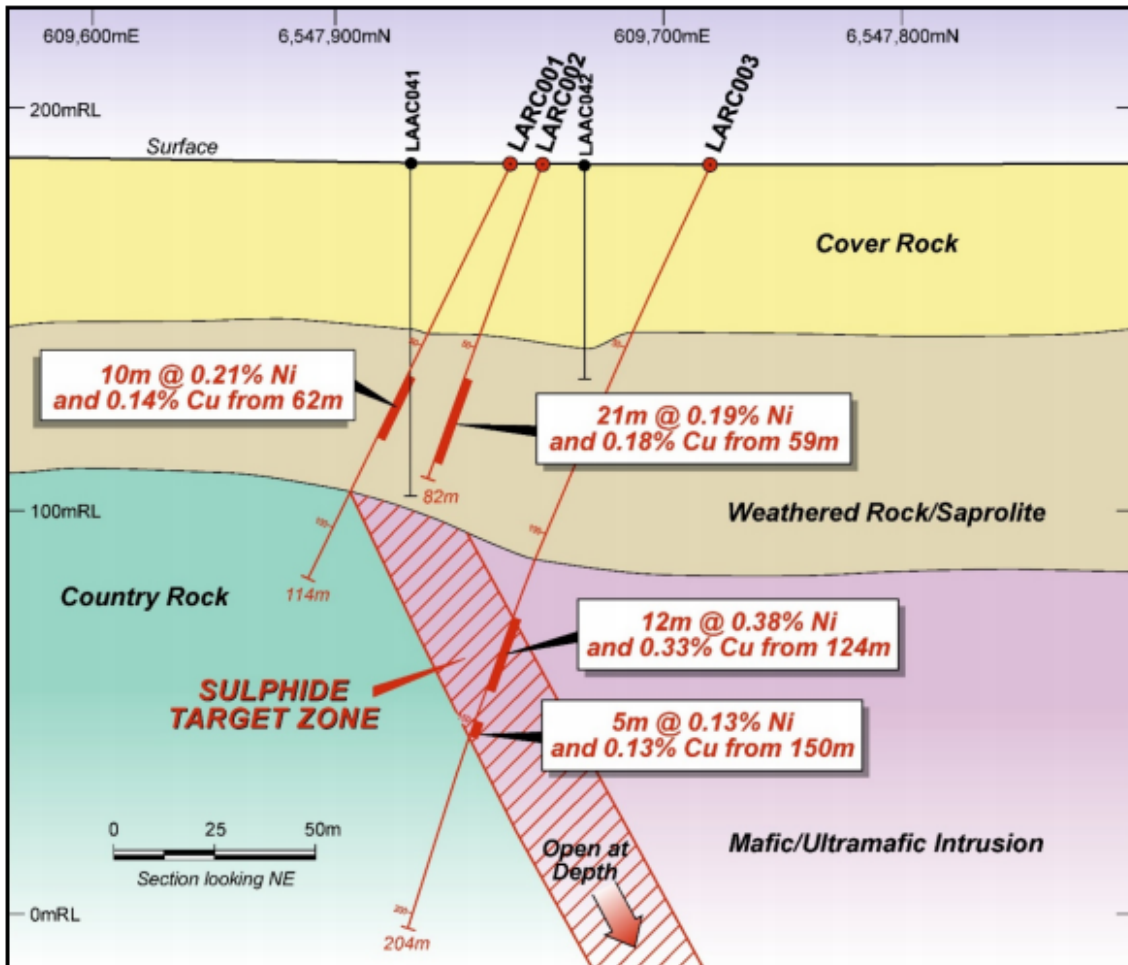


Figure 2: Lantern Prospect Drill Section Showing RC Drilling and Sulphide Target Zone

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Figure 3: RC drill chips from LAARC003 showing sulphide rich mineralisation

The result is particularly important as the disseminated sulphide intercept may be close to a zone of increased sulphide mineralisation (massive, semi-massive or net textured) with the capacity to contain higher grades of nickel and copper.

The drill hole intersection occurs on the edge of a magnetic feature which is interpreted to represent the contact between the prospective intrusive rocks and the host country rock. Over two kilometres of strike length remains to be tested for mineralisation and the intersection is open at depth.

The ultramafic target at Lantern is one of a number of prospective intrusions within an area of approximately 10km by 8km. A separate EM conductor occurs two-and-a-half kilometres north of drill hole LARC003.

This northern target is a large EM anomaly that is being further refined with additional EM surveying prior to deep drill testing.

2) EM surveying

Electro-magnetic (EM) surveying at Lantern was undertaken during the period to define the most prospective zones for nickel sulphide mineralisation. Results from fixed loop EM surveying revealed a conductive target 1.5km along strike from disseminated sulphides intersected at the Lantern South Prospect. The EM target has been named Lantern East to reflect its relative position on the margin of the major gabbro-norite intrusion.

Figure 4 shows the location of the new EM target on the margin of a major gabbro-norite intrusion. The target location is 1.5km along strike from the ultramafic unit at Lantern South which contains disseminated nickel-copper sulphide mineralisation. It is important to note that no conductive sediments (typically graphite and/or pyrrhotite bearing) have been intersected in aircore drilling which increases the likelihood that the conductor is related to sulphide mineralisation. The conductor is oblique to the strike of the margin of the intrusion and may represent a separate pulse of magma, similar to the ultramafic unit at Lantern South, which also crosscuts the regional magnetic fabric.

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Modelled parameters of the conductor are as follows:

Conductance	Dimensions	Depth to Top	Orientation
1,400S*	260m by 200m	225m	54° dip to 015

* Various conductivities, from 2500 to 5000S, can be used to account for the peak of the anomaly. A conservative conductivity has been used in the above modelling to better reflect the overall shape of the anomaly. First pass moving loop EM surveying plans are now confirmed for the southern side of the major Lantern intrusion as well as the new Think Big, Backwood and Green Moon intrusions to the north (see Figure 5). These surveys have commenced post the quarter end (see ASX Announcement dated 16th July 2020).

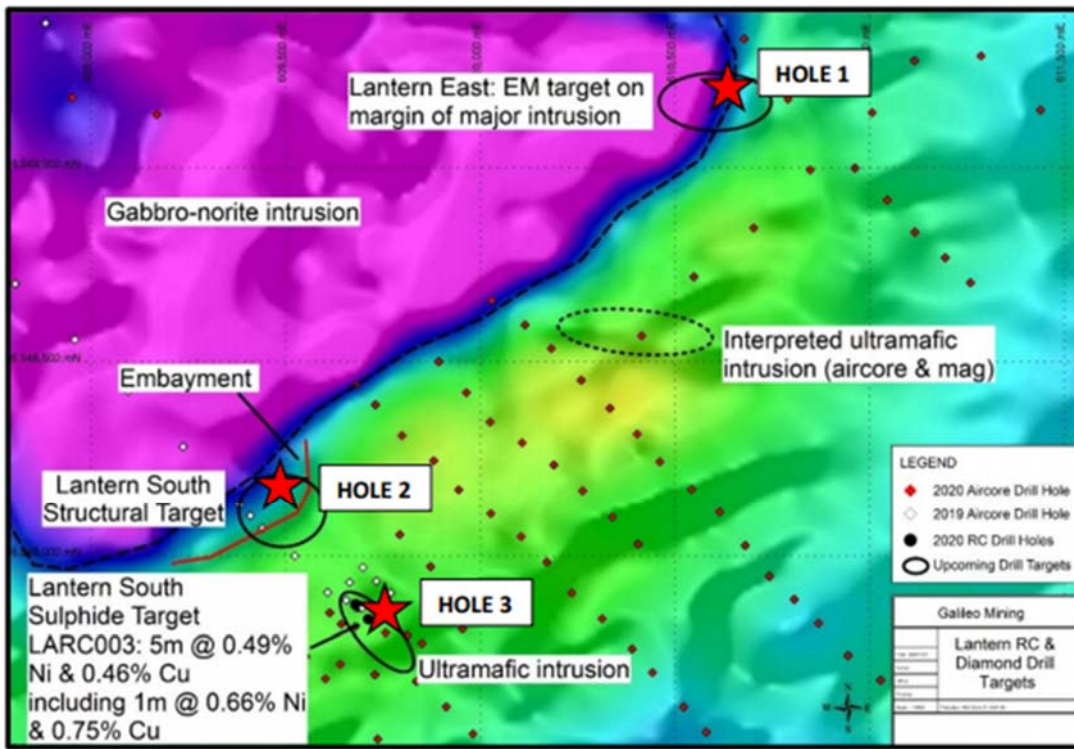


Figure 4: Drill Targets at Lantern South & Lantern East Prospects (TMI-1VD Magnetic Image)

3) Aircore Drilling Campaigns

During the period, Galileo completed three shallow aircore drilling programs at the northern Fraser Range Project area. These programs included drilling at the new Delta Blues Prospect and at the Lantern Prospect and surrounding area. The programs were designed to be first pass drill tests beneath cover rock to determine the extent of nickel prospective intrusive rocks.

Drilling was also completed around the Lantern South intrusion and delineated the ultramafic unit at the Lantern prospect with further results of 27m @ 0.18% nickel from 48m (LAAC116) and 17m @ 0.17% nickel from 48m (LAAC235) ⁽²⁾.

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The ultramafic unit at Lantern South has near surface dimensions of 260 metres by 100 metres with sulphide mineralisation, intersected by previous RC drilling, occurring on the margin of the unit. A new ultramafic unit has also been identified by aircore drilling (see interpreted outline in Figure 4). This area will require further aircore drilling to define the margins of the unit which are believed to be the most prospective for sulphide mineralisation.

4) New Nickel Targets

Petrographic rock description of samples from reconnaissance aircore drilling combined with detailed magnetic data shows the presence of three new intrusions. These intrusions, which have been named Think Big, Backwood and Green Moon (see Figure 5), have the potential to host magmatic nickel mineralisation under shallow cover rock ranging from 17 metres to 92 metres below surface.

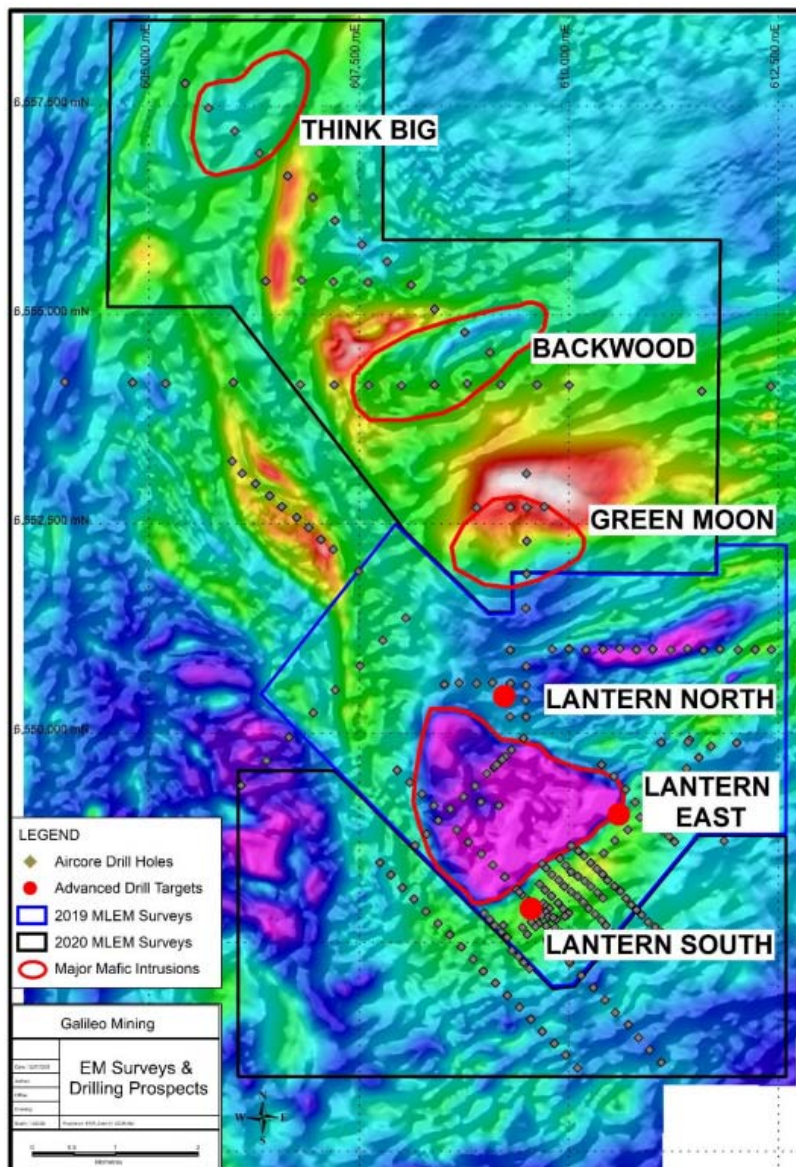


Figure 5: New MLEM Surveys Along Strike of Lantern Prospect (TMI-1VD Magnetic Image)

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Norseman Project

While Norseman was a secondary focus for the Group during FY20, exploration work was conducted during the first half of the reporting year.

RC drilling was undertaken at the Subzero Prospect to test targets along strike to the south of initial results which showed wide zones of low-grade copper mineralisation associated with anomalous gold results.

A total of 1,279 metres of RC drilling was completed across the Subzero Prospect and at other early stage prospects within the project area including Roadside and Goblin. (see Figure 6).

Wide zones of sulphide alteration were intercepted at the Subzero and Roadside Prospects with up to 20% semi-massive sulphides recorded. Copper and zinc contents of the sulphide rich horizons reached maximum values of 0.19% and 0.96% respectively in 3 metre composite samples.

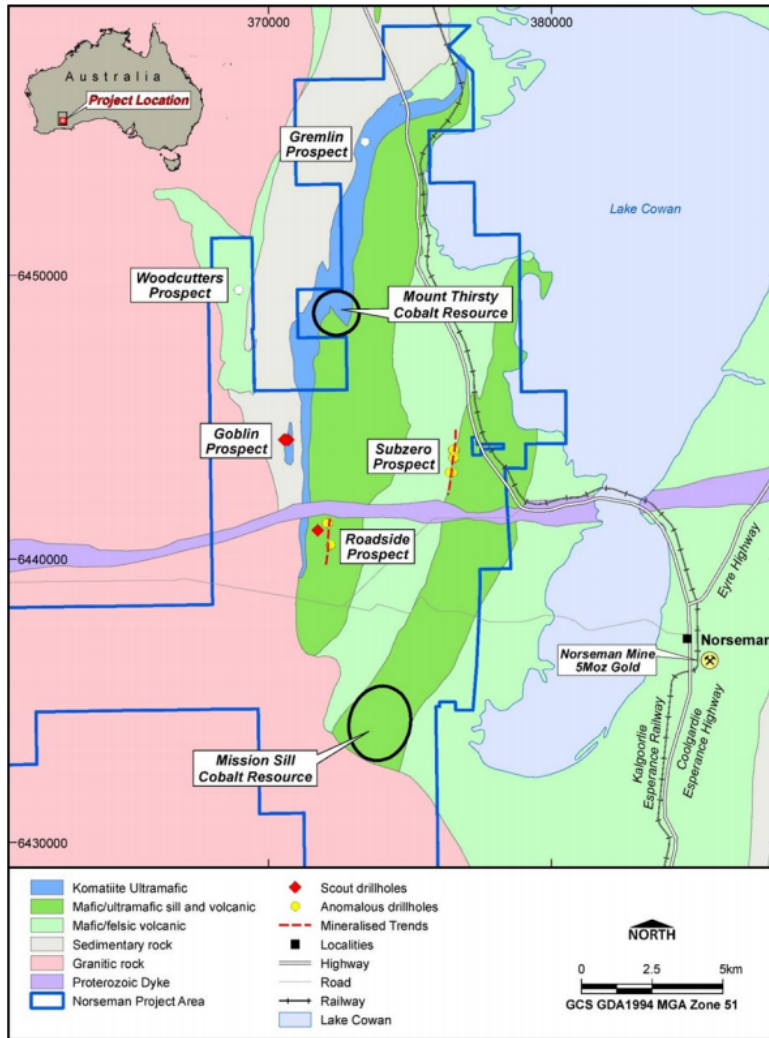


Figure 6: Galileo’s Norseman Project Area with Prospect Locations and JORC Cobalt Resources

Drilling established that significant hydrothermal alteration has occurred at both prospects with the prospective zones being at least 800m in strike length. The potential for an economic VMS style deposit remains high and the Group is establishing a track record of defining and drill testing prospective zones within the Norseman Project area.

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An untested volcanic package of rocks exists at the Woodcutters Prospect and in the future will be targeted with soil sampling programs and electro-magnetic surveying prior to drill testing (see Figure 6 for Woodcutters Prospect location).

Scout drilling at Norseman has also confirmed a nickel prospective komatiite target under shallow cover at the Goblin Prospect. Magnetic inversion modelling was successfully used to target the basalt/komatiite contact under shallow cover rocks. The same technique may in future be applied to the komatiite unit where it occurs along strike to the north at the Gremlin Prospect.

The Gremlin Prospect is masked by shallow cover and has never been tested for nickel sulphide mineralisation associated with volcanic komatiite flows. This style of mineralisation is the dominant deposit type within the prolific Kambalda nickel district. Galileo's Norseman Project is located at the southern end of the Norseman-Wiluna greenstone belt which also contains the Kambalda nickel mines.

OPERATIONS POST YEAR END

Fraser Range Project

1) Expanded Moving Loop Electro Magnetic (MLEM) Surveys

Post balance date, an extensive program of EM surveying began. The surveys are designed to cover prospective intrusions (named Think Big, Backwood and Green Moon – see Figure 5) located along strike from the Lantern area.

The new EM surveys are focusing on zones both north and south of the Lantern prospects and will dramatically expand the footprint of exploration. The EM survey completed in 2019 is more than doubled by the current survey and covers 46km² of highly prospective ground. The survey is expected to take eight weeks to complete.

2) RC and Diamond drilling campaign

In late July 2020, a second round of RC drilling began at Galileo's highly prospective nickel targets in preparation for a diamond drill program which subsequently commenced in late August 2020. Three high priority zones were targeted as highlighted in Figure 4.

Lantern East is a conductive target on the margin of a major gabbro-norite intrusion. An RC drillhole was completed updip of the conductor and a pre-collar established for a diamond core tail to test the conductor.

At Lantern South, drilling has been designed to test two structural and geological targets. The first lies on the margin of the gabbro-norite intrusion and the second target is coincident to where disseminated sulphides have been discovered in previous RC drilling. RC pre-collars were established at both locations for the planned diamond drill tails.

In late August 2020, Galileo began its maiden diamond drilling campaign in the Lantern Prospect area. This was the first diamond drilling targeting nickel ever to be completed within the Galileo project area. Three diamond drill holes with planned depths from 200 to 380 metres were planned to test the three nickel targets described above.



Figure 6 – Diamond Drilling at Galileo’s Lantern Prospect in the Fraser Range

JORC Mineral Resource Estimates

Cut-off Cobalt %	Class	Tonnes Mt	Co		Ni		
			%	Tonnes	%	Tonnes	
MT THIRSTY SILL							
0.06 %	Indicated	10.5	0.12	12,100	0.58	60,800	
	Inferred	2.0	0.11	2,200	0.51	10,200	
	Total	12.5	0.11	14,300	0.57	71,100	
MISSION SILL							
0.06 %	Inferred	7.7	0.11	8,200	0.45	35,000	
GOBLIN							
0.06 %	Inferred	4.9	0.08	4,100	0.36	16,400	
TOTAL JORC COMPLIANT RESOURCES							
0.06 %	Total	25.1	0.11	26,600	0.49	122,500	

Table 1 - JORC Mineral Resource Estimates for the Norseman Cobalt Project (“Estimates”) (refer to ASX “Prospectus” announcement dated May 25th 2018 and ASX announcement dated 11th December 2018, accessible at <http://www.galileomining.com.au/investors/asx-announcements/>). Galileo confirms that all material assumptions and technical parameters underpinning the Estimates continue to apply and have not materially changed).

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Competent Person Statements

The information in this Table that relates to the Mt Thirsty Sill and Mission Sill Mineral Resource Estimates is based on, and fairly represents, information and supporting documentation prepared by Michael Elias, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. Elias is employed by CSA Global Pty Ltd. Mr. Elias has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves". Mr. Elias consents to the inclusion in this Table of the matters based on his information in the form and context in which it appears.

The information in this Table that relates to the Goblin Mineral Resource Estimate, and the Exploration Information in the Review of Operations and the information in this report that relates to exploration results, is based on, and fairly represents, information and supporting documentation prepared by Mr Brad Underwood, a Member of the Australasian Institute of Mining and Metallurgy, and a full time employee of Galileo Mining Ltd. Mr Underwood has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Underwood consents to the inclusion in the Table of the matters based on his information in the form and context in which it appears.

With regard to the Company's ASX Announcements referenced in this report, the Company is not aware of any new information or data that materially affects the information included in the Announcements.

CORPORATE

As at 30 June 2020, the Company had cash and deposits of approximately \$8.7 million. This puts the Company in a secure position during the current period of economic uncertainty.

In May 2020, the Company completed a well-supported capital raising of \$5 million from a range of existing and new sophisticated and institutional investors. The placement closed oversubscribed with a cornerstone investment by Independence Group (IGO) which emerged with an 8.9% substantial holding in Galileo.

The funds raised via the Placement are being used to expedite exploration at the Fraser Range Lantern Prospect, for other prospects in the Fraser Range nickel belt, and for working capital purposes.

During the period, the Company also advised of the sudden passing of Non-Executive Chairman Simon Jenkins. Managing Director, Brad Underwood, was appointed Chairman while Galileo Mining Company Secretary, Mathew Whyte, joined the Board as a Non-Executive Director.

Risks to the Company due to the ongoing global COVID-19 health emergency continue to be monitored. The Company's cash position provides insulation to any longer-term unforeseen impacts to funding and operating that may occur. All of Galileo's projects are located in Western Australia and, although the future risk from COVID-19 cannot be reliably estimated, the potential impact on Galileo's operations over the next 12 months does not appear significant.

CAPITAL STRUCTURE

As at the date of this report the Company's Capital structure is as follows:

Quoted Securities:

Number	Class
143,101,205	Ordinary Fully Paid Shares

Un-quoted Securities:

Number	Class
2,272,727	Unquoted Options exercisable at \$0.44 expiring 29 April 2022
12,500,000	Class A Options exercisable at \$0.20 expiring 31 January 2023
2,500,000	Class A Options exercisable at \$0.20 expiring 24 December 2020
1,600,000	Performance Rights expiring 31 January 2023 subject to vesting conditions

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have occurred subsequent to balance date that have or may significantly affect the operations or state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue its evaluation of its mineral projects and undertake generative work to identify and acquire new resource projects and opportunities. Due to the nature of the business, the result is not predictable.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than reported above in the Review of Operations, there were no significant changes in the state of affairs of the Group during the reporting period.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group is required to carry out the exploration and evaluation of its mining tenements in accordance with various State Government Acts and Regulations.

In regard to environmental considerations, the Group is required to obtain approval from various State regulatory authorities before any exploration requiring ground disturbance, such as line clearing, drilling programs and costeaning is carried out. It is normally a condition of such regulatory approval that any area of ground disturbed during the Group's activities is rehabilitated in accordance with various guidelines. The Group conducts its exploration activities in an environmentally sensitive manner and is not aware of any significant breaches of these guidelines.

INFORMATION ON DIRECTORS AND SECRETARIES**Current Directors*****Brad Underwood – Managing Director (appointed 13 September 2017) and Chairman (effective from 26 December 2019)***

Mr Underwood is a geologist with over 18 years' experience in exploration, prospecting and mining. He has been involved in nickel, gold, copper and cobalt discoveries and the development of numerous prospects over a variety of commodities.

Between 2010 and 2018 Mr Underwood worked for prospector and mining entrepreneur Mark Creasy as General Manager of several private companies. He has a wide range of skills including the strategic growth and commercialisation of mineral assets at different stages of development.

Mr Underwood played a key role in the discovery of the Silver Knight nickel-copper-cobalt deposit in the Fraser Range and the discovery of Galileo's Mission Sill cobalt resources.

Mr Underwood has a Bachelor of Science in Geology and a Post Graduate Diploma in Geology from the University of Auckland, and a Master of Science (Distinction) in Mineral Economics from Curtin University. Brad has not held any directorships of listed entities in the last 3 years.

Noel O'Brien – Technical Director (appointed 6 February 2018)

Noel O'Brien is a metallurgist with wide international and corporate experience. After a career spanning 40 years in Australia and Africa he established Trinol Pty Ltd, a Perth based consultancy, to provide process and project development services over a broad range of commodities.

Mr O'Brien has been actively involved with projects containing manganese, iron ore, gold, base metals, and the battery metals including lithium, graphite and cobalt.

He has served on the board of a number of ASX listed companies over the past 9 years and is currently a technical advisor to several listed companies with early to advanced stage projects.

Mr O'Brien has a Bachelor's degree in Metallurgical Engineering from the University of Melbourne, an MBA from the University of the Witwatersrand and is a Fellow of the AusIMM. Noel was a Non- executive Director of Mali Lithium (ASX: MLL) from 1 December 2017 to 6 April 2020.

Mr Mathew Whyte – Non-Executive Director (Appointed 26 December 2019) and Company Secretary

Mr Whyte is a CPA and a Chartered Secretary (FCIS). He has over 25 years' commercial experience in the financial management, direction, and corporate governance of ASX listed companies.

Mr Whyte has held senior executive roles on a broad range of Australian listed entities with operations in Australia and overseas in the mining exploration, mining services, power infrastructure and technology development industries. Mr Whyte was a Non-executive director and Company Secretary of Aurora Labs Ltd (ASX: A3D) from 26 July 2017 to 26 February 2020.

Simon Jenkins – Independent Non-executive Chairman (appointed 13 September 2017) (Deceased 24 December 2019)

Mr Jenkins was a director of corporate law firm Price Sierakowski Corporate since 2005 and had experience in a broad range of corporate transactions including takeovers, mergers and capital raisings both in Australia and overseas. He acted for Australian and internationally listed companies as well as for a number of large private enterprises. Mr Jenkins has previously held directorships in both ASX listed and client owned private companies.

Mr Jenkins did not hold any other directorships of listed entities in the last 3 years.

GALILEO MINING LTD

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DIRECTORS' INTERESTS IN SHARES AND PERFORMANCE RIGHTS OF THE COMPANY

As at the date of this report, the interest of the directors in securities of Galileo Mining Ltd were:

	Number of Ordinary Shares	Options	Performance Rights
Brad Underwood	300,000	10,000,000	-
Noel O'Brien	-	2,500,000	-
Mathew Whyte	200,000	-	400,000

DIRECTORS' MEETINGS

The following table sets out the number of meetings of directors held during the year ended 30 June 2020 and the number of meetings attended by each director.

	Number Eligible to Attend	Number Attended
Simon Jenkins	3	3
Brad Underwood	10	10
Noel O'Brien	10	10
Mathew Whyte	7	7

REMUNERATION REPORT (Audited)

The Directors of Galileo Mining Ltd present the Remuneration Report ('the Report') for the Group for the year ended 30 June 2020 ('FY20'). This Report forms part of the Directors' Report and has been audited as required by section 300A of the Corporations Act 2001.

Key management personnel disclosed in this report

For the purposes of this Report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including a director (whether executive or otherwise) of the Company, and its subsidiaries.

Details of key management personnel:

Simon Jenkins (Chairman) (Deceased 24/12/19)

Brad Underwood (Managing Director/Chairman)

Noel O'Brien (Technical Director)

Mathew Whyte (Non-executive Director and Company Secretary)

Remuneration Philosophy

The performance of the Group depends upon the quality of its Directors and Executives. To prosper the Group must attract, motivate and retain highly skilled directors and KMP.

To this end Galileo aims to reward executives with a level and mix of remuneration commensurate with their position and responsibility so as to align the interests of executives with those of shareholders and to ensure total remuneration is competitive by market standards.

Remuneration and nomination issues are handled at the full Board level. Due to the small number of directors and KMP no separate committee has been established for this purpose.

Board members, as per groupings detailed below, are responsible for determining and reviewing compensation arrangements.

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In order to maintain good corporate governance, the Non-executive Directors assume responsibility for determining and reviewing compensation arrangements for the Executive Directors of the Group. The Executive Directors in turn are responsible for determining and reviewing the compensation arrangements for the Non-executive Directors.

The assessment considers the appropriateness of the nature and amount of remuneration of KMPs on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the year ended 30 June 2020. The Corporate Governance Statement provides further information on the Company's remuneration governance.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive Director's remuneration is separate and distinct.

A. Non-executive Directors remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

On appointment to the Board, all non-executive directors sign a letter of appointment. The letter summarises the Board policies and terms including remuneration, relevant to the office of director.

The constitution and the ASX Listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by shareholders at general meeting.

Non-executive directors receive a fixed fee inclusive of superannuation contributions. Fees for non-executive directors are not linked to the performance of the Group. Subject to approval by shareholders, Non-executive directors' remuneration may also include an incentive portion consisting of Options and Performance Rights, which are granted for the same reasons and objectives and on the same terms as Options granted to Executive Directors as outlined in Section B below. To this end Non-executive Directors are also entitled to participate in Galileo's Long Term Incentive Plan (LTI Plan).

The remuneration of Non-executive Directors for the year ended 30 June 2020 is detailed in the table in Section C of this Report.

B. Executive Directors remuneration

Objective

The Group aims to reward Executive Directors with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Align the interests of Executive Directors with those of shareholders.
- Link rewards with the strategic goals and performance of the Group
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level of remuneration paid to Executive Directors, the Board takes into account the activities of the Group and available benchmarks.

An employment contract has been entered into with the Executive Director of Galileo. Details of this contract are provided in Section D of this Report.

Remuneration consist of the following key elements:

- Fixed remuneration
- Variable Remuneration – Long Term Incentive (LTI).

The proportion of fixed remuneration and variable remuneration is established for the Executive Director by the Board. The table in Section C of this Report details the fixed and variable components (%) of the Executive Directors of Galileo.

Fixed Remuneration

The level of fixed remuneration is set as a cash salary plus superannuation contributions so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Variable remuneration – Long Term Incentives (LTI)

Options

LTI grants to executives are delivered in the form of Options.

The table in Section C provides details of Options granted and the value of equity instruments granted, exercised and lapsed during the year. Options were issued free of charge. Each option entitles the holder to subscribe for one (1) fully paid ordinary share in Galileo upon the exercise of the option based on achieving vesting conditions at a \$0.20 exercise price. The terms and conditions including the service and performance criteria that must be met are as follows:-

Each Option will only vest and become exercisable when the 60-day volume weighted average market price (as defined in the Listing Rules) of Galileo's quoted Shares first exceeds \$0.60 per Share. Options not so exercised shall automatically expire on the expiry date. Each Option entitles the holder to subscribe (in cash) for one Share in the capital of Galileo. Each Share allotted as a result of the exercise of any Option will rank in all respect pari passu with the existing Shares in the capital of Galileo on issue at the date of allotment.

Relationship between remuneration and the Group's performance

As the Group is a newly listed exploration Group, measuring performance is difficult. The most meaningful measure of internal performance is on goals that have an exploration focus.

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous financial year:

	2020	2019	2018
Net Loss	912,561	1,097,116	677,373
Share price	\$0.21	\$0.135	\$0.37

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C. Remuneration Details

Details of the nature and amount of each element of the remuneration of each KMP of the Group are shown in the table below:

	Short-term benefits		Long-term benefits	Post employment	Share-based payments ⁽¹⁾			Performance Related %
	Salary & fees	Non monetary benefits	Long Service Leave	Super-annuation	Options	Performance Rights	Total	
	\$	\$	\$	\$	\$		\$	
Simon Jenkins (Chairman) – appointed 13 September 2017, Deceased 24 December 2019								
2020	30,000	-	-	-	-	-	30,000	-
2019	60,000	-	-	-	37,305	-	97,305	38.3
Brad Underwood (Managing Director) – appointed 13 September 2017								
2020	325,000	8,897	5,944	30,875	-	-	370,716	-
2019	325,000	6,912	5,928	30,875	149,220	-	517,935	28.8
Noel O'Brien (Technical Director) – appointed 6 February 2018								
2020	75,000	-	-	-	-	-	75,000	-
2019	75,000	-	-	-	38,238	-	113,238	33.8
Mathew Whyte ⁽²⁾ (Non-Executive Director) – appointed 26 December 2019								
2020	123,640	-	-	2,056	-	30,396	156,092	19.5
2019	99,500	-	-	-	-	30,313	129,813	23.4
Total 2020	553,640	8,897	5,944	32,931	-	30,396	631,808	4.8
Total 2019	559,500	6,912	5,928	30,875	224,763	30,313	858,291	29.7

(1) Amounts recognised as Share Based Payments represent:

Options - the non-cash fair value of Class A Unquoted Options issued during FY 2018. Each Option is exercisable at \$0.20 with 12,500,000 Options expiring on 31 January 2023 and 2,500,000 expiring on 24 December 2020. Options will only vest and become exercisable when the 60-day VWAP of the Company's quoted shares first exceeds \$0.60 per share. All Options were released from escrow on 29 May 2020.

Performance Rights – the expensed non-cash fair value of performance rights issued during FY 2018 free of charge (Refer Note 20(b)). Each Performance Right entitles the holder to subscribe for one (1) fully paid ordinary share in the Company based on achieving vesting conditions at a nil exercise price.

The terms and conditions including the service and performance criteria that must be met are as follows: -

(a) Subject to the below paragraphs (b) to (d), each Performance Right will only vest and become exercisable when the 10 day volume weighted average market price (as defined in the ASX Listing Rules) of the Company's quoted Shares first exceeds \$1.00 per Share (Vesting Condition).

(b) Maintain a minimum of 12 months continuous service with the Company.

(c) Each Performance Right will automatically be cancelled and will be redeemed by the Company for nil consideration if employment with the Company is terminated for any reason before the Vesting Condition is met.

(d) If a Good Leaver* and the Vesting Condition has been satisfied at the date of termination the Performance Rights may be exercised within 20 Business Days of termination of employment or contracting (as applicable) with the Company. If a Bad Leaver* and the Vesting Condition has been satisfied at the date of termination the Performance Rights will terminate.

*As defined in the Galileo Mining Ltd Employee Incentive Plan

(2) Mathew Whyte provided company secretarial services through his controlled entity Whypro Corporate Services ABN 53 844 654 790. Payments for company secretarial services during FY 2020 totalled \$102,000 (excluding superannuation) (2019: \$99,500). Mr Whyte also received a non-executive fee of \$21,640 (plus superannuation of \$2,056) (2019: Nil).

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Unlisted Options Issued to KMP

No options were issued to KMP during, or since the end of, the current financial year ended 30 June 2020.

The following options over unissued ordinary shares are held by KMP as remuneration:

Class	Expiry date	Exercise price	Date granted	Number of options	Grant date fair value	Vesting date
Unlisted Options	31 Jan 2023	\$0.20	6 Feb 2018	12,500,000	\$0.0266	Based on VWAP
Unlisted Options	24 Dec 2020	\$0.20	6 Feb 2018	2,500,000	\$0.0266	Based on VWAP

Option holdings of key management personnel (unlisted options)

KMP	Balance at beginning of the year	Options Granted	Options expired	Net change other	Balance at end of the year	Vested at end of year	
						Exercisable	Not exercisable
2020							
S Jenkins	2,500,000	-	-	-	2,500,000*	-	-
B Underwood	10,000,000	-	-	-	10,000,000	-	-
N O'Brien	2,500,000	-	-	-	2,500,000	-	-
M Whyte	-	-	-	-	-	-	-
Total	15,000,000	-	-	-	15,000,000	-	-

* Holding as at date ceased to be a director – 24/12/19

KMP	Balance at beginning of the year	Options Granted	Options expired	Net change other	Balance at end of the year	Vested at end of year	
						Exercisable	Not exercisable
2019							
S Jenkins	2,500,000	-	-	-	2,500,000	-	-
B Underwood	10,000,000	-	-	-	10,000,000	-	-
N O'Brien	2,500,000	-	-	-	2,500,000	-	-
Total	15,000,000	-	-	-	15,000,000	-	-

Performance Rights Issued to KMP

No performance rights were issued to KMP during, or since the end of, the current financial year ended 30 June 2020.

The following performance rights over unissued ordinary shares are held by KMP as remuneration:

Class	Expiry date	Exercise price	Date granted	Number	Grant date fair value	Expected Vesting date
Performance Rights	31 January 2023	Nil	29 June 2018	400,000	\$0.365	30 June 2022

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Performance Rights of key management personnel (unlisted options)

KMP	Balance at beginning of the year	Performance Rights Granted	Performance Rights expired	Net change other	Balance at end of the year	Vested at end of year	
						Exercisable	Not exercisable
2020							
M Whyte	400,000	-	-	-	400,000	-	-
Total	400,000	-	-	-	400,000	-	-

KMP	Balance at beginning of the year	Performance Rights Granted	Performance Rights expired	Net change other	Balance at end of the year	Vested at end of year	
						Exercisable	Not exercisable
2019							
M Whyte	400,000	-	-	-	400,000	-	-
Total	400,000	-	-	-	400,000	-	-

Shareholdings of key management personnel (ordinary shares)

KMP	Balance at beginning of the year	Granted as remuneration	Conversion of Convertible Notes	Net change other	Balance at end of the year
2020					
S Jenkins	500,000	-	-	70,000	570,000*
B Underwood	300,000	-	-	-	300,000
N O'Brien	-	-	-	-	-
M Whyte	200,000	-	-	-	200,000
Total	1,000,000	-	-	70,000	1,070,000

* Holding as at date ceased to be a director – 24/12/19

KMP	Balance at beginning of the year	Granted as remuneration	Conversion of Convertible Notes	Net change other	Balance at end of the year
2019					
S Jenkins	-	-	500,000	-	500,000
B Underwood	-	-	300,000	-	300,000
N O'Brien	-	-	-	-	-
M Whyte	200,000	-	-	-	200,000
Total	200,000	-	800,000	-	1,000,000

D. Service Agreements

Mr Brad Underwood – Managing Director

Terms of Agreement – commenced as Managing Director on 6 February 2018, no fixed term, until terminated by either party.

- Termination – 3 months by Mr Underwood and 6 months by Galileo.
- Salary - Fixed remuneration of \$325,000 per annum plus superannuation.

E. Loans to key management personnel

There were no loans to key management personal during the financial year or the previous financial year.

F. Other KMP transactions

1. Price Sierakowski Corporate, a company of which Simon Jenkins was a director, provided legal advice to the Group totalling \$8,055 (2019: \$16,646) (excluding GST). As at 30 June 2020, nil was payable to Price Sierakowski (2019: \$303).
2. As at 30 June 2020, \$6,875 relating to outstanding directors' fees was payable to Trinol Pty Ltd, a company of which Noel O'Brien is a director.
3. Whypro Corporate Services a business of which Mathew Whyte is principal, provided company secretarial, corporate administration and CFO services to the Company totalling \$102,000 (excluding GST) (30 June 2019: \$99,500). As at 30 June 2020, \$9,350 was payable to Whypro Corporate Services.

End of Remuneration Report

SHARE OPTIONS

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

Date of Expiry	Exercise Price	Held at 01 Jul 19	Issued	Exercised	Lapsed / Cancelled	Held at 24 Sep 20
31 Jan 23	\$0.20	12,500,000	-	-	-	12,500,000
24 Dec 20	\$0.20	2,500,000	-	-	-	2,500,000
29 Apr 22	\$0.44	-	2,272,727	-	-	2,272,727

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the issue of any other registered scheme.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to any court pursuant to section 237 of the Corporations Act 2001 for leave 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.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into a deed of indemnity with all existing directors and officers. Under the deed the Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify all existing directors in certain circumstances whilst a director or officer and for 7 years after they have ceased to be a director or officer.

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors and the company secretary.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

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Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer.

AUDIT COMMITTEE

The Group is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Auditor's Independence Declaration immediately follows this Report and forms part of this Report. The Directors are satisfied as to the independence of the auditors.

During the financial year the entity's auditor, HLB Mann Judd, did not provide other non-audit services (2019: \$Nil) (refer to note 21).

Signed in accordance with a resolution of directors.

For and on Behalf of the Board of Directors



Mr Brad Underwood
Managing Director
Perth, 24 September 2020

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Galileo Mining Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
24 September 2020

N G Neill
Partner

hlb.com.au

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	30 June 2020 \$	30 June 2019 \$
Other income	3	330,177	210,858
Employee benefits and director fees expense		(275,240)	(245,795)
Consulting fees		(318,774)	(262,491)
Share-based payment		(119,494)	(392,417)
Depreciation expense		(92,876)	(11,177)
Exploration & evaluation (expenses)/refunds		26,440	(122,566)
Legal and audit expenses		(93,728)	(46,096)
Other expenses		(369,066)	(227,432)
Loss before income tax expense		(912,561)	(1,097,116)
Income tax expense	4	-	-
Net loss after income tax		(912,561)	(1,097,116)
Other comprehensive income		-	-
Total comprehensive loss for the year		(912,561)	(1,097,116)
		2020	2019
Loss per share (cents per share)		¢	¢
Basic loss per share for the year	5	(0.73)	(0.91)
Diluted loss per share for the year	5	(0.73)	(0.91)

The above Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	30 June 2020 \$	30 June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	17a	4,192,061	3,070,456
Cash on term deposits	17a	4,505,000	4,000,000
Trade and other receivables	6a	104,355	78,860
Other	7a	32,332	50,816
Total Current Assets		<u>8,833,748</u>	<u>7,200,132</u>
Non-Current Assets			
Property, plant and equipment	8	13,713	19,918
Right-of-use assets	9	79,941	-
Exploration and evaluation expenditure	10	11,387,156	9,003,810
Other assets	7b	26,071	26,071
Total Non-Current Assets		<u>11,506,881</u>	<u>9,049,799</u>
TOTAL ASSETS		<u>20,340,629</u>	<u>16,249,931</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11	235,157	240,080
Lease Liabilities	12	83,187	-
Other Liabilities	13a	53,079	36,799
Total Current Liabilities		<u>371,423</u>	<u>276,879</u>
Non-Current Liabilities			
Other Liabilities	13b	25,030	17,005
Total Non-Current Liabilities		<u>25,030</u>	<u>17,005</u>
TOTAL LIABILITIES		<u>396,453</u>	<u>293,884</u>
NET ASSETS		<u>19,944,176</u>	<u>15,956,047</u>
EQUITY			
Issued capital	14	22,929,035	18,411,245
Reserves	15	920,568	593,719
Accumulated losses	16	(3,905,427)	(3,048,917)
TOTAL EQUITY		<u>19,944,176</u>	<u>15,956,047</u>

The above Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Consolidated Financial Statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Issued capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
As at 1 July 2019	18,411,245	593,719	(3,048,917)	15,956,047
Loss for the year	-	-	(912,561)	(912,561)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(912,561)	(912,561)
Issue of shares	5,000,000	-	-	5,000,000
Transaction costs of share issue	(482,210)	-	-	(482,210)
Share based payments	-	382,900	-	382,900
Transfer of cancelled performance rights from reserve	-	(56,051)	56,051	-
As at 30 June 2020	22,929,035	920,568	(3,905,427)	19,944,176
As at 1 July 2018	18,416,434	201,302	(1,951,801)	16,665,935
Loss for the year	-	-	(1,097,116)	(1,097,116)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,097,116)	(1,097,116)
Transaction costs of share issue	(5,189)	-	-	(5,189)
Share based payments	-	392,417	-	392,417
As at 30 June 2019	18,411,245	593,719	(3,048,917)	15,956,047

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	30 June 2020 \$	30 June 2019 \$
Cash Flow from Operating Activities			
Payments to suppliers and employees		(970,023)	(744,231)
Payments for exploration and evaluation expenditure		(2,418,963)	(3,709,470)
Interest received		78,630	207,097
Other income		246,813	-
GST received/(paid)		(20,763)	146,052
Security deposit received/(paid)		20,232	(17,098)
Interest paid		(7,093)	-
Net cash (used in) operating activities	17b	(3,071,167)	(4,117,650)
Cash Flow from Investing Activities			
Payment for purchase of tenements		-	(62,926)
Payment for property, plant & equipment		(6,730)	(19,102)
Receipts from/(payments for) term deposits		(505,000)	3,000,000
Net cash (used in)/provided by investing activities		(511,730)	2,917,972
Cash Flow from Financing Activities			
Proceeds from issue of shares		5,000,000	-
Share issue costs		(218,804)	(5,189)
Lease payments		(76,695)	-
Net cash provided by/(used in) financing activities		4,704,502	(5,189)
Net increase/(decrease) in cash held		1,121,605	(1,204,867)
Cash at the beginning of the year		3,070,456	4,275,323
Cash at the end of the year	17a	4,192,061	3,070,456

The above Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Consolidated Financial Statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. CORPORATE INFORMATION

The financial report of Galileo Mining Ltd for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of directors on 24 September 2020.

Galileo Mining Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The address of the registered office is 13 Colin Street, West Perth WA 6005.

The Group's principal activity during the year was mineral exploration. Major exploration activities during the period are outlined in the Review of Operations as contained in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has 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 report has also been prepared on a historical cost basis.

For the purpose of preparing the consolidated financial statements, the Group is a for-profit entity.

The financial report is presented in Australian dollars and the accounting policies below have been consistently applied to all of the years presented unless otherwise stated. The financial report is for the Group consisting of Galileo Mining Ltd and its subsidiaries.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Galileo Mining Ltd (Galileo) and its subsidiaries as at 30 June 2020 (the Group).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Business combinations are accounted for using the acquisition method.

(c) Compliance with IFRS

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.

(d) New Accounting Standards and Interpretations***Standards and Interpretations applicable to 30 June 2020***

In the period ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. Those which have a material impact on the Group are set out below.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and related Interpretations. AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. The Group has adopted AASB 16 from 1 July 2019.

The Group has applied AASB 16 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2019 and has elected not to restate comparative information. Accordingly, the information presented for 30 June 2019 has not been restated.

The impact on the financial performance and position of the Group from the adoption of this Accounting Standards is detailed in note 9.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted as at 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group.

(e) Exploration and evaluation expenditure

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

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - 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
 - 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.

(f) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – 2 to 6 years

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Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use or disposal of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognised.

(g) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 0 days to 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(h) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflect the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(j) Other Income

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants

Grants that compensate the Group for expenses incurred are recognised as other income in the Statement of Comprehensive Income on a systematic basis in the same periods in which the related expenses are incurred.

(k) Income tax

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

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

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

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

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

(l) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the Statement of Financial Position.

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

(m) Trade and other payables

Trade payables and other payables are initially measured at fair value and subsequently carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services.

Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid with 30 days of recognition.

(n) Employee Entitlements***Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Based on the Company's experience of employee departures, a long service leave liability is only recognised once an employee has been employed by the Company for a period of 5 years. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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(o) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Group.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Earnings/Loss per share (EPS)

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

Diluted EPS is calculated as net profit or loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividend and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

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

(q) Share-based payment transactions

The Group provides benefits to employees (including directors and executives) of the Group and to third parties in the form of share-based payment transactions, whereby employees and third parties render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an appropriate option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Galileo Mining Ltd ('market conditions').

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the 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 market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If 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 modification that

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, other than forfeiture, it is treated as if it had vested on the date of 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 dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share.

(r) Significant Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

(i) Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure, other than acquisition costs, is expensed as incurred. Acquisition costs in relation to mineral tenements are capitalised and carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

(ii) Income tax

Refer to Note 2(k) for the Group's accounting policy in relation to recognition of income tax balances.

	2020	2019
	\$	\$
3. OTHER INCOME		
Other Revenue		
Interest revenue	83,363	210,608
Research and development rebate	191,791	-
Other income	55,023	250
Total other income	330,177	210,858

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4. INCOME TAX EXPENSE

a) Tax Expense

Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense	-	-

b) Numerical reconciliation between tax expense and pre-tax net loss

Net Loss from operations before income tax expense	(912,561)	(1,097,116)
Corporate tax rate applicable	30%	30%
Income tax benefit on above at applicable corporate rate	(273,768)	(329,135)
Increase in income tax due to tax effect of:		
Share based payments	35,848	117,725
Expenses not deductible	348	317
Current year tax losses not recognised	367,654	685,304
Decrease in income tax expense due to:		
Deductible capital raising costs	(57,545)	(44,106)
Movement in unrecognised temporary differences	-	(430,105)
Non-assessable income	(72,537)	-
Income tax expense / (benefit)	-	-

Deferred tax assets and liabilities

c) Recognised deferred tax assets and liabilities	30%	30%
Deferred tax assets		
Other provisions & accruals	7,142	5,250
Employee provisions	23,433	16,141
Tax losses	3,024,739	2,435,806
ROU Assets	974	-
Blackhole – Previously expensed	263	350
Blackhole – Equity Raising Costs	-	132,318
	3,056,551	2,589,865
Set -off of deferred tax liabilities	(3,056,551)	(2,589,865)
Net deferred tax assets	-	-
Deferred tax liabilities		
Exploration and evaluation assets	(3,053,455)	(2,588,260)
Unearned income	(2,473)	(1,053)
Prepayments	(623)	(552)
Gross deferred tax liabilities	(3,056,551)	(2,589,865)
Set-off of deferred tax assets	3,056,551	2,589,865
Net deferred tax liabilities	-	-

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d) Unused tax losses and temporary differences for which no deferred tax asset has been recognised

Deferred tax assets have not been recognised in respect of the following using corporate tax rates of:	30%	30%
Deductible temporary difference	141,659	132,318
Tax Revenue Losses	1,009,671	2,360,196
<hr/>		
Total Unrecognised deferred tax assets	1,151,330	2,492,514

The corporate tax rates on both recognised and unrecognised deferred tax assets and deferred tax liabilities have been calculated with respect to the tax rate that is expected to apply in the year the deferred tax asset is realised or the liability is settled.

5. LOSS PER SHARE

	2020	2019
	¢	¢
Loss per share (cents per share)		
Basic loss per share for the year	(0.73)	(0.91)
Diluted loss per share for the year	(0.73)	(0.91)

The following reflects the loss used in the basic and diluted loss per share computations.

	2020	2019
	\$	\$
(a) Loss used in calculating loss per share		
For basic and diluted loss per share:		
Net loss for the year attributable to ordinary shareholders of the parent	(912,561)	(1,097,116)

As the Group generated losses for the financial years ended 30 June 2019 and 2020, all potential ordinary shares on issue will not have a dilutionary effect and therefore no calculation of diluted earnings per share performed.

	2020	2019
	Number	Number
(b) Weighted average number of shares		
For basic and diluted loss per share:		
Weighted average number of ordinary shares	124,099,714	120,373,932

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	2020	2019
	\$	\$
6. TRADE AND OTHER RECEIVABLES		
(a) Current		
Accrued interest	8,244	3,511
Net GST receivable	96,111	75,349
	<u>104,355</u>	<u>78,860</u>
7. OTHER ASSETS		
(a) Current		
Cash deposited as security bond	2,340	22,572
Prepayments	29,992	28,244
	<u>32,332</u>	<u>50,816</u>
(b) Non-current		
Cash deposited for rental bond	26,071	26,071
	<u>26,071</u>	<u>26,071</u>
8. PROPERTY, PLANT AND EQUIPMENT		
At cost	38,015	31,286
Accumulated depreciation	(24,302)	(11,368)
Net carrying amount	<u>13,713</u>	<u>19,918</u>
Reconciliation		
Reconciliation of the carrying amount of office furniture and equipment at the beginning and end of the current financial year.		
Office furniture and equipment		
At 1 July net of accumulated depreciation	15,113	12,912
Acquisitions	3,295	10,518
Depreciation charge for the year	(9,302)	(8,317)
At 30 June net of accumulated depreciation	<u>9,106</u>	<u>15,113</u>
Field equipment		
At 1 July net of accumulated depreciation	4,805	3,750
Acquisitions	3,435	3,915
Depreciation charge for the year	(3,632)	(2,860)
At 30 June net of accumulated depreciation	<u>4,607</u>	<u>4,805</u>
Total	<u>13,713</u>	<u>19,918</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. RIGHT-OF-USE ASSETS

At cost	159,882	-
Accumulated depreciation	(79,941)	-
Net carrying amount	79,941	-

Reconciliation

Reconciliation of the carrying amount of right-of-use assets at the beginning and end of the current financial year.

Right-of-use assets

At 1 July net of accumulated depreciation	-	-
Initial application of AASB16	159,882	-
Depreciation charge for the year	(79,941)	-
At 30 June net of accumulated depreciation	79,941	-

AASB 16 Leases

Impact on operating leases

AASB 16 Leases supersedes AASB 117 Leases and related Interpretations. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes classification, measurement and recognition leases. The changes result in almost all leases where the Company is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating and 'finance leases'. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term, and low value leases.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Statement of Financial Position on 1 July 2019. There is no initial Impact on retained earnings under this approach. The Group has not restated comparatives for the 2019 reporting period.

As at 30 June 2019, the Group had non-cancellable operating lease commitments of \$239,354, which included outgoing commitments of \$69,479. Refer note 20 of the Annual Report for the year ended 30 June 2019.

The Group leases its office premises. As at 30 June 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Group recognised a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using an interest rate implicit in the lease, If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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Extension options are included in the property lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

There were no onerous lease contracts that required an adjustment to the right-of-use assets of initial application.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 6%.

In the Statement of Cash Flows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities and cash payments for the interest portion of the lease liability as interest paid within operating activities.

Extension and termination options are included in the property leases across the Group and are an area of judgement. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. As at 1 July 2019 there was no option to extend the term of the lease.

Impact

The change in accounting policy resulted in an increase of a right-of-use asset of \$159,882 and a corresponding lease liability of \$159,882, on 1 July 2019.

	2019
	\$
Operating lease commitments as at 30 June 2019 (excluding outgoing commitments)	169,875
Discounted using the lessee's incremental borrowing rate at the date of initial application	(9,993)
Lease liability as at 1 July 2019	159,882

	2020	2019
	\$	\$
10. EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost	11,387,156	9,003,810
Reconciliation		
Opening balance	9,003,810	5,287,404
Acquisition of tenements	-	62,926
Incurred during the year	2,383,346	3,653,480
Total exploration and evaluation expenditure	11,387,156	9,003,810

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The ultimate recoupment of the Group's deferred mining tenements and exploration expenditure carried forward in respect of areas of interest still in the exploration and/or evaluation phases is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

	2020	2019
	\$	\$
11. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	235,157	240,080

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

	2020	2019
	\$	\$
12. LEASE LIABILITIES		
Current		
Lease Liabilities	83,187	-

13. OTHER LIABILITIES

(a) Current		
Annual Leave	53,079	36,799
(b) Non-current		
Long Service Leave provision	25,030	17,005

14. ISSUED CAPITAL

(a) Ordinary shares	22,929,035	18,411,245
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Movements of ordinary shares

	2020		2019	
	Number	\$	Number	\$
Shares on issue				
Beginning of financial year	120,373,932	18,411,245	120,373,932	18,416,434
Add shares issued				
- Placement	22,727,273	5,000,000	-	-
Less capital raising costs	-	(482,210)	-	(5,189)
	143,101,205	22,929,035	120,373,932	18,411,245
As at the end of the financial year				

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(b) Terms & conditions of issued capital

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of the surplus assets in proportion to the number of and amounts paid up on shares held.

(c) Options

Unlisted options

The Company has the following unlisted options on issue:

- 12,500,000 options exercisable at \$0.20 expiring on 31 January 2023.
- 2,500,000 options exercisable at \$0.20 expiring on 24 December 2020.

Each option will only vest and become exercisable when the 60-day volume weighted average market price (as defined in the Listing Rules) of the Company's quoted Shares first exceeds \$0.60 per Share. Options not so exercised shall automatically expire on the expiry date. Each option entitles the holder to subscribe (in cash) for one Share in the capital of the Company. Each Share allotted as a result of the exercise of any Option will rank in all respect pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

- 2,272,727 options exercisable at \$0.44 expiring on 29 April 2022.

Each option entitles the holder to subscribe (in cash) for one Share in the capital of the Company. Each Share allotted as a result of the exercise of any Option will rank in all respect pari passu with the existing Shares in the capital of the Company on issue at the date of allotment. Options not exercised shall automatically expire on the expiry date.

Performance Rights

The Company has 1,600,000 rights on issue, expiring on 31 January 2023.

Performance Rights were issued free of charge. Each Performance Right entitles the holder to subscribe for one (1) fully paid ordinary share in the Company based on achieving vesting conditions at a nil exercise price. The terms and conditions including the service and performance criteria that must be met are as follows: -

- (a) Subject to the below paragraphs (b) to (d), each Performance Right will only vest and become exercisable when the 10-day volume weighted average market price (as defined in the ASX Listing Rules) of the Company's quoted Shares first exceeds \$1.00 per Share (Vesting Condition).
- (b) Maintain a minimum of 12 months continuous service with the Company.
- (c) Each Performance Right will automatically be cancelled and will be redeemed by the Company for nil consideration if employment with the Company is terminated for any reason before the Vesting Condition is met.
- (d) If a Good Leaver* and the Vesting Condition has been satisfied at the date of termination the Performance Rights may be exercised within 20 Business Days of termination of employment or contracting (as applicable) with the Company. If a Bad Leaver* and the Vesting Condition has been satisfied at the date of termination the Performance Rights will terminate.

*As defined in the Galileo Mining Ltd Employee Incentive Plan refer to:

<http://www.galileomining.com.au/about-us/corporate-governance/>

Each Performance Right, issued for nil consideration, entitles the participant to acquire one (1) fully paid ordinary share, by way of issue of new Shares or transfer of existing Shares.

All Performance Rights that have not vested by the expiry date will automatically lapse and be forfeited.

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	2020	2019
	\$	\$
15. RESERVES		
Share-based payment reserve	920,568	593,719
Movement in share-based payment reserve		
Balance at the beginning of the financial year	593,719	201,302
Share-based payments during the year	382,901	392,417
Transfer to accumulated losses (unlisted performance rights cancelled)	(56,051)	-
Balance at the end of the financial year	920,568	593,719

Share-based payment reserve records the value of shares, share options and performance rights issued to Galileo's employees or others. Refer to Note 20 for further details.

	2020	2019
	\$	\$
16. ACCUMULATED LOSSES		
Accumulated losses	(3,876,699)	(3,048,917)
Movement in accumulated losses:		
Balance at the beginning of the financial year	(3,048,917)	(1,951,801)
Transfer from share-based payment reserve	56,051	-
Net loss for the year	(912,561)	(1,097,116)
Balance at the end of the financial year	(3,905,427)	(3,048,917)

	2020	2019
	\$	\$
17. STATEMENT OF CASH FLOWS		
(a) Reconciliation of cash		
Cash at bank and on hand	51,257	31,546
Short term deposits	4,140,804	3,038,910
Total cash and cash equivalents	4,192,061	3,070,456
Cash on term deposit (i)	4,505,000	4,000,000

(i) This relates to term deposits which have an original maturity of greater than three months.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
(b) Reconciliation of net loss after tax to net cash flows from operations:		
Loss from ordinary activities after income tax	(912,561)	(1,097,116)
Adjustments for:		
Depreciation	92,876	11,177
Employee share-based payment	119,494	392,417
Exploration expenditure classified as operating activities	(2,416,674)	(3,586,903)
Changes in assets and liabilities:		
Increase/(Decrease) in payables	29,245	7,042
Increase/(Decrease) in provisions	24,305	39,446
(Increase)/Decrease in receivables	(5,264)	130,943
(Increase)/Decrease in prepayments	(2,588)	(14,656)
Net cash used in operating activities	(3,071,167)	(4,117,650)

	Lease Liability	Total
	\$	\$
(c) Changes in liabilities arising from financing activities		
Balance at 30 June 2019	-	-
Net cash used in financing activities	(76,695)	(76,695)
Lease liability recognised on the adoption of AASB 16	159,882	159,882
Balance at 30 June 2020	83,187	83,187

(d) Non-cash financing & investing activities:

On 30 April 2020 the company issued 2,272,727 unlisted options exercisable at \$0.44 and expiring 29 April 2022 to Nascent Capital as part payment for capital raised at a value of \$263,406.

18. RELATED PARTY TRANSACTIONS

- 1) Price Sierakowski Corporate, a company of which Simon Jenkins was a director, provided legal advice to the Group totalling \$8,055 (2019: \$16,646) (excluding GST). As at 30 June 2020, nil was payable to Price Sierakowski (2019: \$303).
- 2) As at 30 June 2020, \$6,875 relating to directors' fees was payable to Trinol Pty Ltd, a company of which Noel O'Brien is a director.
- 3) Whypro Corporate Services a business of which Mathew Whyte is principal, provided company secretarial, corporate administration and CFO services to the Company totalling \$102,000 (excluding GST) (30 June 2019: \$99,500). As at 30 June 2020, \$9,350 was payable to Whypro Corporate Services.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****19. DIRECTORS AND KEY MANAGEMENT PERSONNEL****Compensation for Executive Directors and Key Management Personnel**

	2020	2019
	\$	\$
Short-term benefits	562,537	566,412
Long-term benefits	5,944	5,928
Post-employment benefits	32,931	30,875
Share-based payments	30,396	255,076
	<hr/>	<hr/>
Total compensation	631,808	858,291

20. SHARE-BASED PAYMENTS**(a) Options**

During the year the following options were granted to a third party, Nascent, as part payment for capital raised.

Class	Expiry date	Exercise price	Date granted	Number of options	Grant date fair value	Vesting date
Unlisted Options	29 Apr 2022	\$0.44	30 April 2020	2,272,727	\$0.1159	29 Apr 2022

The assessed fair value of the options was determined using Black-Scholes model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The following assumptions were used in the estimation:

- Risk free interest rate of 0.23%
- Company share price at date of grant of \$0.255
- Dividend Yield of 0%
- Expected volatility of 1.1212
- Option exercise price of \$0.44
- Option duration of 2 years
- Discount factor of 0%

The following table illustrates the number and weighted average exercise prices (WAEP) and movements in share options during the year.

	2020	2020	2019	2019
	Number	WAEP	Number	WAEP
		\$		\$
Outstanding at the beginning of the year	15,000,000	0.20	15,000,000	0.20
Granted during the year	2,272,727	0.44	-	-
Exercised during the year	-	-	-	-
Expired or Cancelled during the year	-	-	-	-
Outstanding at the end of the year	<hr/>	<hr/>	<hr/>	<hr/>
	17,272,727	0.23	15,000,000	0.20
Exercisable at reporting date	<hr/>	<hr/>	<hr/>	<hr/>
	2,272,727	0.44	-	-

During the previous year there were no options granted to directors and officers.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

(b) Performance Rights

During the period there were no performance rights granted to directors and officers. On 27 September 2019 the company announced 600,000 unlisted performance rights were cancelled.

During the previous year the following performance rights were granted to employees:

Class	Expiry date	Exercise price	Date granted	Number	Grant date fair value	Expected Vesting date
Performance Rights	31 January 2023	Nil	9 October 2018	500,000	\$0.19	30 June 2022

Performance Rights were issued free of charge. Each Performance Right entitles the holder to subscribe for one (1) fully paid ordinary share in the Company based on achieving vesting conditions at a nil exercise price.

The terms and conditions including the service and performance criteria that must be met are as follows: -

- (a) Subject to the below paragraphs (b) to (d), each Performance Right will only vest and become exercisable when the 10 day volume weighted average market price (as defined in the ASX Listing Rules) of the Company's quoted Shares first exceeds \$1.00 per Share (Vesting Condition).
- (b) Maintain a minimum of 12 months continuous service with the Company.
- (c) Each Performance Right will automatically be cancelled and will be redeemed by the Company for nil consideration if employment with the Company is terminated for any reason before the Vesting Condition is met.
- (d) If a Good Leaver* and the Vesting Condition has been satisfied at the date of termination the Performance Rights may be exercised within 20 Business Days of termination of employment or contracting (as applicable) with the Company. If a Bad Leaver* and the Vesting Condition has been satisfied at the date of termination the Performance Rights will terminate.

*As defined in the Galileo Mining Ltd Employee Incentive Plan

Each Performance Right, issued for nil consideration, entitles the participant to acquire one (1) fully paid ordinary share, by way of issue of new Shares or transfer of existing Shares.

All Performance Rights that have not vested by the expiry date will automatically lapse and be forfeited.

The performance rights have been valued at \$0.19 per right, being the share price at grant date.

Movement of Performance Rights:

	2020 Number	2019 Number
Outstanding at beginning of the year	2,200,000	1,700,000
Granted during the year	-	500,000
Cancelled during the year	(600,000)	-
Outstanding at the end of the year	<u>1,600,000</u>	<u>2,200,000</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

21. AUDITOR'S REMUNERATION	2020	2019
	\$	\$
The auditor of Galileo Mining Ltd is HLB Mann Judd		
Amounts received or due and receivable by the auditors for:		
- Auditing or reviewing accounts	26,650	26,450
	26,650	26,450

The auditors received no other benefits.

22. EXPENDITURE COMMITMENTS

(a) Exploration expenditure commitments

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial report. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or by new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is shown below.

	2020	2019
	\$	\$
Not later than one year	806,180	683,680
Later than one year and less than five years	3,385,720	2,953,720
	4,191,900	3,637,400

23. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short-term deposits.

The Group has various other financial assets and liabilities such as trade receivables, and trade payables, which arise directly from its operations and other activities.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Notes 2, 6, 11 and 13 to the financial statements.

The Group manages its exposure to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk in accordance with specific approved Group policies.

Primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessment of market forecast for interest rate. The Group manages credit risk by only dealing with recognized, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board approved investment policy. This policy defines maximum exposures and credit ratings limits.

The following table summarises the impact of reasonably possible changes on interest rates for the Group at 30 June 2020. The sensitivity is based on the assumption that interest rate changes by 100 basis points with all other variables held constant. The 100 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 3 year period. The analysis is performed on the same basis for the comparative period.

The Group's exposure to interest rate risk arises from higher or lower interest income from cash and cash equivalents. The Parent's main interest rate risk arises from cash and cash equivalents and other assets with variable interest rates.

	30 June 2020	30 June 2019
	\$	\$
Financial assets		
Cash and cash equivalents	4,192,061	3,070,456
Term deposits	4,505,000	4,000,000
Impact on profit and equity		
Post-tax gain/(loss)		
100 bp increase	41,921	30,705
100 bp decrease	(41,921)	(30,705)

Credit risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities and financing activities including deposits with banks.

The credit risk control procedures adopted by the Group is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences. Investment limits are set in accordance with limits set by the Board of Directors based on the counterparty credit rating. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to senior management.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Credit quality of financial assets:

		S&P Credit rating				
		AAA	A1+	A1	A2	Unrated
30 June 2020						
Cash & cash equivalents	(\$)	-	4,192,061	-	-	-
Other Assets	(\$)	-	4,563,403	-	-	-

		S&P Credit rating				
		AAA	A1+	A1	A2	Unrated
30 June 2019						
Cash & cash equivalents	(\$)	-	3,070,456	-	-	-
Other Assets	(\$)	-	4,076,887	-	-	-

Alternatives for sourcing our future capital needs include the Group's current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for the Group's capital needs.

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Group's liquidity needs can be met through a variety of sources, including: short and long term borrowings and issue of equity instruments.

The following table details the Group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	Less than 6 \$	6 months – 12 \$	1-2 years \$	> 2 years \$
As at 30 June 2020				
Trade and other receivables	104,355	-	-	-
As at 30 June 2019				
Trade and other receivables	78,860	-	-	-

Capital risk management

Capital consists of total equity \$19,944,176 (2019: \$15,956,047).

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

No dividends were paid in 2019 and no dividend will be paid in 2020.

There is no current intention to incur debt funding on behalf of the Company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The Company is not subject to any externally imposed capital requirements.

24. EVENTS SUBSEQUENT TO BALANCE DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have occurred subsequent to balance date that have or may significantly affect the operations or state of affairs of the Group in subsequent financial years.

25. EXPLORATION AGREEMENTS

Dunstan JV Agreement

On 22 January 2018, Mark Creasy and Dunstan Holdings Pty Ltd (ACN 009 686 691) ("Dunstan") entered into an agreement with the Company's wholly owned subsidiary, FSZ Resources Pty Ltd (ACN 622 898 882) ("FSZ") ("Dunstan JV Agreement"). Mark Creasy was a director of the Company from 18 March 2003 to 12 March 2018.

The Dunstan JV Agreement provides for three phases of collaboration on the exploration and mining of Dunstan's mining tenements E63/1539, E63/1623 and E63/2624 ("Dunstan Tenements"). First, the Dunstan JV Agreement provided for the partial sale of Dunstan's interest in the Dunstan Tenements to FSZ ("Tenement Sale"), which was settled during the financial year ended 30 June 2018 by a payment of \$530,000 to Dunstan (of which \$478,955 (plus GST) was paid in cash and \$51,045 settled by the issue of 510,455 fully paid ordinary shares at a deemed issue price of \$0.10 per share). Second, the Dunstan JV Agreement established an unincorporated joint venture between Dunstan and FSZ for the exploration of the Dunstan Tenements and completion of a bankable feasibility study in respect of all or part of the Dunstan Tenements ("Exploration Joint Venture"). Third, the Dunstan JV Agreement regulates the manner in which the parties may determine their respective involvement in any mining operations to implement a bankable feasibility study on all or part of the Dunstan Tenements ("Mining Joint Venture").

GSN JV Agreement

On 22 January 2018, Mark Creasy and Great Southern Nickel Pty Ltd (ACN 135 382 142) ("GSN") entered into an agreement with the Company's wholly owned subsidiary, NSZ Resources Pty Ltd (ACN 622 900 396) ("NSZ") ("GSN JV Agreement"). Mark Creasy was a director of the Company from 18 March 2003 to 12 March 2018.

The GSN JV Agreement provides for three phases of collaboration on the exploration and mining on GSN's mining tenement E28/2064 ("GSN Tenement"). First, the GSN JV Agreement provided for the partial sale of GSN's interest in the GSN Tenement to NSZ ("Tenement Sale"), which was settled during the financial year ended 30 June 2018 by a payment of \$870,000 to GSN. Second, the GSN

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

JV Agreement established an unincorporated joint venture between GSN and NSZ for the exploration of the GSN Tenement and completion of a bankable feasibility study in respect of all or part of the GSN Tenement ("Exploration Joint Venture"). Third, the GSN JV Agreement regulates the manner in which the parties may determine their respective involvement in any mining operations to implement a bankable feasibility study on all or part of the GSN Tenement ("Mining Joint Venture").

26. SEGMENT INFORMATION

For management purposes, the Group is organised into one main business and geographic segment, which involves exploration of mineral deposits. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statement of the Group as a whole. The accounting policies used by the Group in reporting segment internally are the same as those contained in Note 2 to the consolidated financial statements.

27. CONTROLLED ENTITIES

Name	Country of Incorporation	Principal Activity	Beneficial Percentage Interest Held By Group	
			2020 %	2019 %
FSZ Resources Pty Ltd	Australia	Mineral exploration	100	100
NSZ Resources Pty Ltd	Australia	Mineral exploration	100	100
Norseman Resources Pty Ltd*	Australia	Mineral exploration	100	100

* Subsidiary incorporated 14 September 2018.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

28. PARENT ENTITY INFORMATION

Information relating to Galileo Mining Ltd

The immediate parent and ultimate controlling party of the Group is Galileo Mining Ltd. Interests in subsidiaries are set out in Note 27.

	2020 \$	2019 \$
Current Assets	8,833,748	7,200,132
Non-Current Assets	11,532,194	9,089,983
TOTAL ASSETS	20,365,942	16,290,115
Current Liabilities	371,422	276,879
Non-Current Liabilities	25,030	17,005
TOTAL LIABILITIES	396,452	293,884
NET ASSETS	19,969,489	15,996,231
EQUITY		
Issued capital	22,929,035	18,411,245
Reserves	920,568	593,719
Accumulated losses	(3,880,114)	(3,008,733)
TOTAL EQUITY	19,694,489	15,996,231
Loss of the parent entity	(927,432)	(1,067,338)
Total comprehensive loss of the parent entity	(927,432)	(1,067,338)

The parent entity did not have any guarantees or contingent liabilities at balance date.

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in Note 2, except for investment in subsidiaries, which are accounted for at cost.

29. GUARANTEES AND CONTINGENT LIABILITIES

The Group did not have any guarantees or contingent liabilities at balance date.

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DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2020

In accordance with a resolution of the directors of Galileo Mining Ltd, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Group in pages 27 to 55 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (c); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act for the year ended 30 June 2020.

For and on behalf of the Board of Directors.



Mr Brad Underwood
Managing Director
Perth, 24 September 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Galileo Mining Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Galileo Mining Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 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
<p>Exploration and evaluation expenditure Note 10 to the financial report</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises exploration costs.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation expenditure asset, due to this asset being the most significant asset of the Group.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; • 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 and evaluation budget for the year ending 30 June 2021 and discussed with management the nature of planned ongoing activities.

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 financial report for the year ended 30 June 2020, 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.

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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.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Galileo Mining Ltd for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
24 September 2020

Norman Glue

N G Neill
Partner

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CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such Galileo Mining Ltd has adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement for the financial year ending 30 June 2020 was approved by the Board on 24 September 2020. The Corporate Governance Statement can be located on the Company's website <http://www.galileomining.com.au/about-us/corporate-governance/>

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ADDITIONAL ASX SHAREHOLDERS' INFORMATION (As at 16 September 2020)

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. As at 16 September 2020 there were 1,897 holders of Ordinary Fully Paid Shares.

VOTING RIGHTS

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares:** Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Unlisted Options and Performance Rights:** Options and performance rights do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance rights convert and subsequently registered as ordinary shares.

20 LARGEST SHAREHOLDERS – ORDINARY SHARES AS AT 16 SEPTEMBER 2020

Holder Name	Holding	%IC
1 Australian Gold Resources Pty Ltd	36,861,440	25.76
2 IGO Newsearch Pty Ltd	12,718,182	8.89
3 CS Fourth	2,706,473	1.89
4 Abadi Investments Pty Ltd <VK & ML Datt Super Fund A/C>	2,272,728	1.59
5 Blakfyre Investments Pty Ltd	1,700,000	1.19
6 Pindan Investments Pty Ltd <Pindan Investment A/c>	1,500,000	1.05
7 AJF Fabbro Pty Ltd <AJF Fabbro Family A/C>	1,000,000	0.7
8 Citicorp Nominees Pty Limited	991,055	0.69
9 Mr Stephen John Lowe & Mrs Suzanne Lee Lowe <Tahlia Family A/C>	987,500	0.69
10 BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail Client DRP>	921,994	0.64
11 Goldfire Enterprises Pty Ltd	718,383	0.5
12 Dr Paul McEniery & Mrs Alicia Jocelyn McEniery <PAAM Family Superfund A/C>	705,808	0.49
13 Blacktusk Pty Ltd <Contract Diving Ser S/F A/C>	646,447	0.45
14 Talex Investments Pty Ltd	630,000	0.44
15 Mr Peter Alan Lawson	600,000	0.42
16 Mr Paul Frederick Townsend	590,000	0.41
17 Glenlore Super Pty Ltd <Glenlore Super Scheme A/C>	550,000	0.38
18 Mr Graeme Martin & Mrs Angela Martin <G & A Martin SMSF A/C>	527,667	0.37
19 K & S Searle Superannuation Pty Ltd <S&K Searle Super Fund A/C>	520,000	0.36
20 JP Morgan Nominees Australia Pty Limited	510,667	0.36
Totals	67,658,344	47.28

SUBSTANTIAL ORDINARY SHAREHOLDER AS AT 16 SEPTEMBER 2020

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

- Mark Gareth Creasy, Australian Gold Resources Pty Ltd (ACN 006 712 956), and Dunstan Holdings Pty Ltd (ACN 008 686 691): 37,371,895 Fully Paid Ordinary Shares
- IGO Ltd (ACN 092 786 304): 12,718,182 Fully Paid Ordinary Shares

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DISTRIBUTION OF ORDINARY SHAREHOLDER AS AT 16 SEPTEMBER 2020

Holding Range	Holders	Total Units	% Issued Ordinary Capital
1 - 1,000	38	4,668	0.00%
1,001 - 5,000	440	1,368,934	0.96%
5,000 - 10,000	281	2,308,578	1.61%
10,001 – 100,000	957	37,121,661	25.94%
100,001 – and over	181	102,297,364	71.49%
TOTALS	1,897	143,101,205	100.00%

Unmarketable Parcels – as at 16 September 2020 there were 101 holders with less than a marketable parcel of shares.

ON MARKET BUY-BACK

There is no current on-market buy-back of shares.

UNQUOTED SECURITIES

As at 16 September 2020 the following unquoted securities are on issue:

12,500,000 Class A Director Options Expiring 31 January 2023 @ \$0.20 - 2 Holders

Holders with more than 20%

Holder Name	Holding	%
Mr Richard Bradley Underwood	10,000,000	80.00%
Mr Noel Mark O'Brien	2,500,000	20.00%

2,500,000 Class A Director Options Expiring 24 December @ \$0.20 - 1 Holder

Holders with more than 20%

Holder Name	Holding	%
Mr Simon Vincent Jenkins	2,500,000	100.00%

2,272,727 Broker Options Expiring 29 April 2022 @ \$0.44 - 7 Holders

Holders with more than 20%

Holder Name	Holding	%
3VL Pty Ltd <Wylie Family A/C>	938,870	42.85%
Mr Mark Jonathan Sandford <Stratton A/C>	519,325	22.85%

1,600,000 Performance Rights – 4 Holders

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OTHER ASX ADDITIONAL INFORMATION

1. Corporate Governance

The Company's Corporate Governance Statement as at 30 June 2020 as approved by the Board can be viewed at <http://www.galileomining.com.au/about-us/corporate-governance/>

2. Company Secretary

The name of the Company Secretary is Mathew Whyte

3. Address and telephone details of the Company's Registered Office

13 Colin Street, West Perth WA 6005 Telephone: +61 8 9463 0063

4. Address and telephone details of the office at which a registry of securities is kept

Automic Group

Level 2, 267 St Georges Terrace

PERTH WA 6000

Telephone: 1300 288 644 (within Australia)

+61 (0) 2 9698 5414 (International)

Web: www.automicgroup.com.au

5. Review of Operations

A review of operations is contained in the Directors Report.

6. ASX Listing Rule 4.10.19

The Company has used its cash and net assets in a form readily convertible to cash in hand at the time of its initial quotation and up to the date of this report in a way consistent with its business objectives.

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7. Tenement Schedule (As at 16 September 2020)

Project	Tenement reference & Location	Interest at beginning of Quarter	Interest at end of Quarter	Nature of Interest As at end of Quarter
NORSEMAN PROJECT	All tenements are in Western Australia			
	E63/1041	100%	100%	Active
	E63/1764	100%	100%	Active
	P63/2053	100%	100%	Active
	P63/2105	100%	100%	Active
	P63/2106	100%	100%	Active
	P63/2107	100%	100%	Active
	P63/2108	100%	100%	Active
	P63/2109	100%	100%	Active
	P63/2110	100%	100%	Active
	P63/2111	100%	100%	Active
	P63/2112	100%	100%	Active
	P63/2113	100%	100%	Active
	P63/2114	100%	100%	Active
	P63/2115	100%	100%	Active
	P63/2116	100%	100%	Active
	P63/2117	100%	100%	Active
	P63/2118	100%	100%	Active
	P63/2123	100%	100%	Active
	P63/2136	100%	100%	Active
	P63/2137	100%	100%	Active
	M63/671	0%	100%	Active
	L63/83	0%	100%	Active
	L63/85	0%	100%	Active
	L63/86	0%	100%	Active
	L63/87	0%	100%	Active
	L63/88	0%	100%	Active
FRASER RANGE PROJECT	All tenements are in Western Australia			
	E28/2064	67%	67% NSZ ⁽¹⁾	Active
	E28/2912	100%	100%	Active
	E28/2949	0%	100%	Active
	E63/1539	67%	67% FSZ ⁽²⁾	Active
	E63/1623	67%	67% FSZ ⁽²⁾	Active
	E63/1624	67%	67% FSZ ⁽²⁾	Active

⁽¹⁾ 67% owned by NSZ Resources Pty Ltd a wholly owned subsidiary of Galileo Mining, 33% Great Southern Nickel Pty Ltd (a Creasy Group Company).

⁽²⁾ 67% owned by FSZ Resources Pty Ltd a wholly owned subsidiary of Galileo Mining, 33% Dunstan Holdings Pty Ltd (a Creasy Group Company).

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