HIPO Resources Limited

AND CONTROLLED ENTITIES

ABN 55 147 106 974

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Contents

Chairman's Letter

Dear Fellow Shareholders

I am pleased to report on the activities for the 2020 Financial Year and events subsequent to the end of the year.

Given the logistical challenges created by the COVID-19 pandemic in FY2020, exploration activities in Uganda and the Democratic Republic of Congo (DRC) were put on hold and this remains the case today. Hipo also holds a 25% interest in Next-Battery and we are supportive of ongoing initiatives to advance their technology.

The primary focus for the Board in FY2020 was assessing suitable project opportunities that have the capacity to deliver much greater value for shareholders. As in the prior year, project characteristics include low upfront capex and acquisition cost, located in favourable mining jurisdictions, and coming with experienced technical personnel.

Post balance date in July of this year, we were pleased to announce that Hipo entered into an exclusive, binding option agreement where the Company can earn up to 70% in Zamia Resources Pty Ltd, a wholly-owned subsidiary of Zamia Metals Limited which owns four exploration licenses in the Central Queensland goldfields covering ~115km2 and housing two open pit historical gold mines, the Belyando and Lucky Break Mines as well as multiple unexplored targets. The project is strategically located within the Drummond Basin that has >6.5moz gold endowment and a long history of ongoing mining.

This project meets all of our acquisition criteria and exploration activity is now commencing. We continue to assess complimentary project opportunities that strengthen our asset base, particularly in Australia.

Very soon, with the approval of our shareholders, Hipo will change its name to QX Resources Limited which reflects our focus on pursuing more assets in Queensland, and additional exploration assets in other parts of Australia.

We are confident that this new corporate identity and asset focus will be the start of a much more active period for the Company and I look forward on providing more regular updates on our progress.

I would particularly like to thank the Company's shareholders for their continued support. As well, I am grateful for the counsel and guidance from my fellow directors including Roger Jackson who joined the Board in September of this year. He brings considerable geological and mining expertise to the Company and complements our existing skills. FY2021 will indeed be a transformational year.

Yours Sincerely

Maurice Feilich
Executive Chairman

Corporate Information

This financial report includes the consolidated financial statements of Hipo Resources Limited and controlled entities (the Group). The functional presentation currency of the Group is AUD ($).

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

Directors
Mr Maurice Feilich – Executive Chairman
Mr Benjamin Jarvis – Non-Executive Director – Appointed 24 October 2019
Mr Daniel Smith – Non-Executive Director
Mr Roger Alan Jackson – Non-Executive Director – Appointed 10 September 2020
Mr Samuel Jarvis – Non-Executive Director – Resigned 24 October 2019

Company Secretary
Mr Daniel Smith

Registered Office
Level 2, 34 Colin Street
West Perth WA 6005

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

Share Registry
Computershare Investor Services
Level 11, 172 St Georges Tce
Perth WA 6000

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

Stock Exchange
Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000
ASX Code: HIP

Website
www.hiporesources.com.au

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

Competent Persons Statement

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Dr Hugh Herbert a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Herbert is a Director of HK Herbert & Associates Pty Ltd. Dr Herbert has sufficient experience that is relevant to the style of mineralisation and type 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 Resource and Ore Reserves". Dr Herbert consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Directors' Report

Your Directors present the following report on Hipo Resources Limited ("the Company", "HIP" or "Hipo") for the year ended 30 June 2020.

Directors

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

Mr Maurice Feilich (Executive Chairman)
Mr Benjamin Jarvis (Non-Executive Director) – appointed 24 October 2019
Mr Daniel Smith (Non-Executive Director)
Mr Roger Jackson (Non-Executive Director) – appointed 10 September 2020
Mr Samuel Jarvis (Non-Executive Director) – resigned 24 October 2019

Principal Activities

The principal activities of the Company for the year ended 30 June 2020 were resource mineral exploration and exploitation, along with its investment in battery technologies through its 25% interest in Next-Battery.

Overview

PROJECTS

Queensland Gold Project

Following financial year end, on 1 July 2020 the Company announced that it had entered into a Binding Heads of Agreement earn an initial 30% interest (moving to 50% then 70%) in Zamia Resources Pty Ltd (**Zamia Resources**), a wholly-owned subsidiary of Zamia Metals Limited (**Zamia**) which owns four (4) exploration licenses (**Permits**) in the Central Queensland goldfields covering ~115km^2 and housing two open pit historical gold mines, the Belyando and Lucky Break Mines as well as multiple unexplored targets ***(See figures 4 and 5).*** The project is strategically located within the Drummond Basin that has >6.5moz gold endowment and a long history of ongoing mining ***(See figures 1, 2 & 3).***

HIP has executed a binding heads of agreement (HoA) with Zamia, granting the Company an exclusive period in which to complete due diligence. Hipo has the ability to earn an initial 30% in Zamia Resources upon meeting a minimum Project spend of $500,000 within the first 6 months (which includes an initial $75,000 cash payment at settlement), with an additional spend of $1m million to move to 50%. Zamia will also be issued 40,000,000 ordinary shares subject to a 12-month voluntary escrow (**Transaction**). Hipo is entitled to a further 20% of Zamia Resources (70% in total) on terms to be agreed regarding further expenditure on the Project in respect of an agreed work program and budget.

Project summary

Based on information published in the Zamia Gold Mines Limited prospectus dated 3 November 2006, the Belyando and Lucky Break Mines together produced ~93,000 oz Au from shallow open cut operations in the late 1980's and early 1990's with mining ceasing due to low commodity prices at that time. The projects have excellent geology and are under-explored (refer highlights above). Zamia's experienced technical team, which has an intimate knowledge of the project, believe there is the potential to rapidly delineate a new Mineral Resource Estimate through an active exploration program expected to commence shortly after the transaction is completed. The works program will include updating all historical data.

Directors' Report (continued)

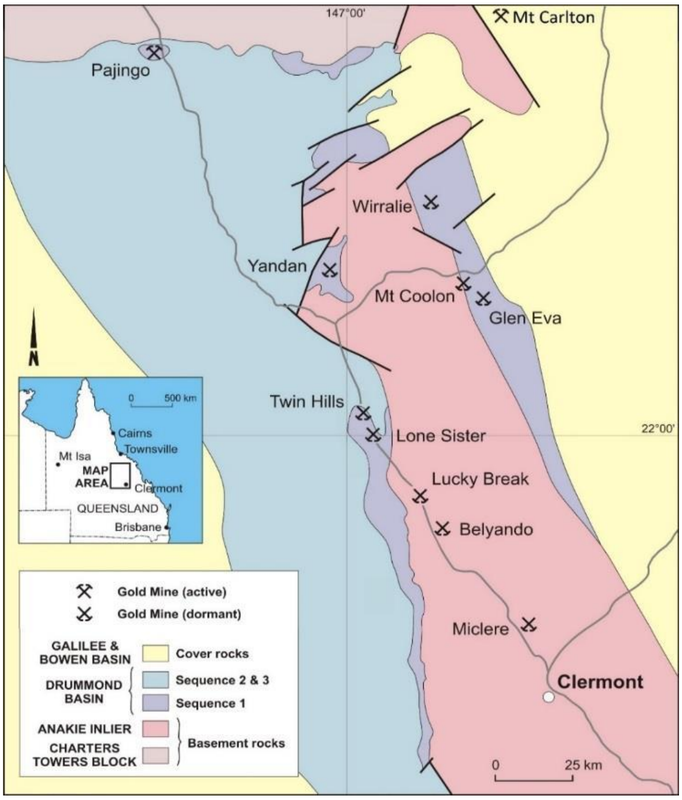

Figure 1: Drummond Basin regional endowment

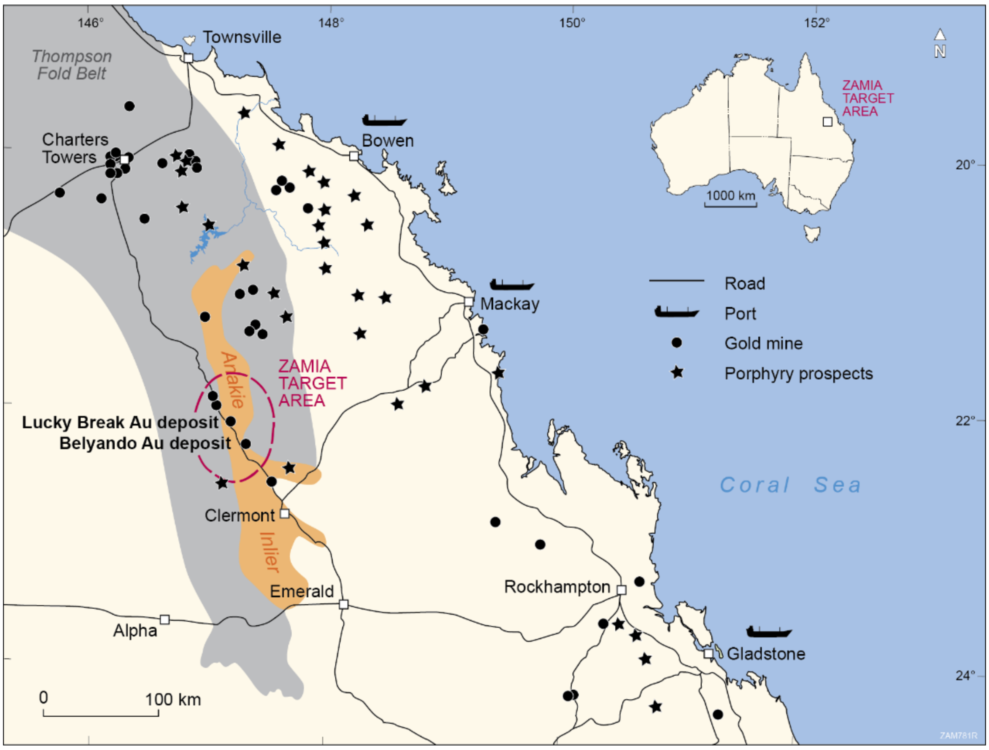

Figure 2: Map of Locations of Zamia's Exploration Tenements in Australia

Directors' Report (continued)

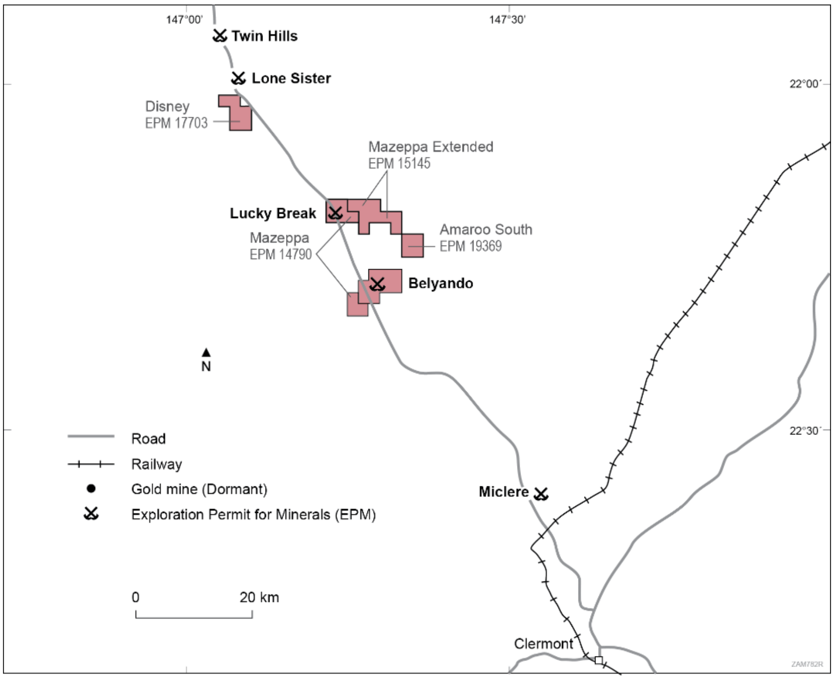

Figure 3: Locations of Zamia's Exploration Tenements in Central Queensland

Lucky Break Gold Mine

The Lucky Break gold mine was mined in 1987/88, with 90,000 tonnes processed for ~7,000 ounces of gold production **(see figure 4**). The mine was built on a bulk low- to moderate-grade quartz vein systems. Lucky Break lies in the Lucky Break Shear Zone (LBSZ) and contains several slightly narrower tabular zones of altered, veined and brecciated LBSZ, termed Lucky Break Metasomatised Zone(s) (LBMZ). There are two LBMZ, with the eastern LBMZ strike-limited to the south end of the pit.

Mining by open pit stopped at the base of oxidation. The mineralisation is hosted by brecciated and silicified, haematitic quartz veins within a sheared fault zone of phyllitic schists of the Anakie Metamorphics. Unfortunately**,** as the old Lucky Break Mine was worked under a mining lease, no open file exploration reports have been located which may provide detailed exploration and evaluation information. The main structural trend in the region is north- north-west, at approximately 350 degrees true north, however, the dominant orientation of the mineralised quartz veins is approximately 070 degrees true north.[2]

Zamia employed Laing Exploration Pty Ltd ("Laing") to conduct a detailed structural and metasomatic assessment of the mine. The Lucky Break shear zone is described as a classic brittle-ductile shear zone with significant internal local dilational sites. The veins dip at 60 to 75 degrees westerly but Laing interprets secondary dilational linear structures which plunge shallowly at about 25 to 30 degrees: to the north at the north end of the pit and to the south at the south end of the pit.[1]

Sample lines at the north-west and south-east walls of the open cut where some of the mineralisation is well exposed showed that the highest grade gold was present in a "milled breccia" rock type which occurs in narrow veins and lenses within the vein system.

[1] Zamia Gold Mines Limited initial public offering prospectus page 54

Directors' Report (continued)

Figure 4: Lucky Break Gold Mine partly backfilled with tailings (looking north). Pit excavated to original depth of 15-30m

Belyando Gold Mine

Discovered in the 1980's by rock chip sampling and shallow drilling, the historical Belyando gold mine has previously produced ~86,000 ounces of gold between the mid 1980's and early 1990's **(see figure 5**).[3] The gold from the Belyando mine was processed initially by carbon-in-pulp and subsequently by cyanide heap leaching. The mine was developed on multiple quartz-sulphide lodes, with the lode system at Belyando remaining open down dip, down plunge and along strike from historical mining areas.

Regionally, Zamia has uncovered coincident gold and arsenic soil anomalism as a vector to gold mineralisation close to Belyando. Four untested, virgin gold-in-soil geochemical anomalies present as early targets of particular interest is the partially defined Ibis gold anomaly with its associated, well-developed coincident arsenic soil anomaly**.** These targets could be followed up with RAB bedrock-interface geochemical sampling.

Directors' Report (continued)

Figure 5: Belyando pit and tailings

Central Queensland region – an excellent address

Zamia Resources Pty Ltd's mineral assets comprise four Exploration Permits for Minerals (EPMs) situated in the Clermont district of Central Queensland. Clermont is situated approximately 750km northwest of Brisbane and 250km southwest of Mackay. The area is accessed via the Peak Downs Highway from Mackay to Clermont, the sealed Gregory Development Road and unsealed country roads. The region consists of scattered low-rising hills surrounded by black soil and alluvial plains. The hills have proven to be good exploration targets due to quartz veining and silicification related to mineralisation.

The Charters Towers to Clermont belt in Central Queensland has been a significant gold-producing area since the 1860s, when gold was discovered at Clermont. The gold deposits are of epithermal and/or mesothermal style. Zamia's 2008 discovery of the Anthony molybdenum deposit demonstrates the potential of the region to also host significant porphyry-style systems.

Directors' Report (continued)

REPORTING OF MINING AND EXPLORATION RESULTS

- The Exploration Results contained in this announcement have been reported by the former owner of the Permits Zamia Resources Limited pursuant to their Prospectus lodged with ASX and ASIC dated 3 November 2006 ("**Prospectus**") and not Hipo Resources. To the best of the Company's knowledge, the Company is not aware of any other summaries of work programs or exploration conducted by Zamia, and the Company has included in this announcement all exploration results and work programs undertaken by Zamia known to the Company.
- The Prospectus can be viewed on the ASX website under the ***Company Announcement search ZGM - 2006***;
- The Prospectus includes an Independent Technical Report operating under the most recent JORC Code at that time (2004) which may not conform to the requirements in the JORC Code 2012;
- Hipo is of the view that the Exploration results reported are suitably reliable given the standards required for publication of the Prospectus and its own due diligence.;
- A summary of the work programs on which the Exploration Results were based is contained in the Prospectus. To the best of the Company's knowledge, the Company is not aware of any other summaries of work programs or exploration conducted by Zamia, and the Company has included in this announcement all exploration results and work programs undertaken by Zamia known to the Company;
- The Company is not aware of any more recent Exploration Results or data which would materially impact on the information contained in this Announcement;
- Under the proposed stage 1 exploration program, Hipo will be undertaking a drilling and sampling program in Q3/Q4 2020 in order to update the Exploration Results in accordance with the JORC Code 2012;
- *Dr Hugh Herbert* as the named Competent Person confirms that the information in this announcement is an accurate representation of the available data and studies for the material mining and exploration Project;
- ***Cautionary Statement***
    - the Exploration Results have not been reported in accordance with the JORC Code 2012;
    - a Competent Person has not done sufficient work to disclose the Exploration Results in accordance with the JORC Code 2012;
    - it is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012;
    - that nothing has come to the attention of Hipo Resources that causes it to question the accuracy or reliability of the former owner's Exploration Results; but
    - Hipo Resources has not independently validated the former owner's Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.

Next-Battery

On 29 August 2018, the Company announced that it had entered into an earn-in agreement with Next-Battery Limited ("Next-Battery"). Under the agreement the Company has acquired a 25% interest in Next-Battery by virtue of funding USD 500,000 towards the battery technology development. The Next-Battery technology is currently focused on high power Ultracapacitors for ultra-high-power applications, a fast-charging, 50,000 full discharge lifecycle, safe, high-power battery for hybrid storage applications and novel economical flow battery for large scale energy storage applications. Next Battery and its related entities are currently involved in a strategic capital raising in the United States to significantly enhance development of its technology.

Directors' Report (continued)

Kamola Lithium Project Joint Venture to earn up to 60%

On 5 April 2018, the Company announced that it had entered into an exclusive option with Crown Mining Sarl ("Crown"), whereby the Company had the ability to earn via farm-in, a 60% interest in Mining Permits PE 13081, PR 4076 & PR 4072 ("Permits") by way of spending USD$5m over 3 years. The Permits are located in the south-east of the Manono lithium province in the DRC, nearby to the large Manono lithium project being advanced by ASX-listed AVZ Minerals Limited (ASX: AVZ).

The Permits and Licences ("Project Area") lie within the same geological and structural setting as the AVZ Minerals' Manono Project. The Manono Project is potentially one of the world's largest lithium rich LCT (Lithium Caesium Tantalum) pegmatite deposits. It was initially mined for its tin content between 1919 and 1980. The strike extent of the Manono pegmatites is at least 13km, with only a small shallow portion tested by historical exploration activities. The historical exploration activity indicates potential thickness of pegmatites is up to 250m in places.

On 2 July 2019, the Company has received assay results from sampling conducted by experienced South African consulting geologists Minex Consulting SARL on the Kamola Lithium Project ("Kamola"), located 51km southwest of Manono on the western border of Tanganyika Province in the Democratic Republic of the Congo (DRC).

As previously reported (see ASX Announcement 8 April 2019), Minex Consulting completed a detailed mapping and sampling program to assess the feasibility of the lithium-bearing pegmatite exploration in the Manono region.

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

Positive results were received from grab samples collected at Kirkoff, with the best result being 1.42% Li_2O, and at Kabimbi with lithium oxide content of up to 0.919% Li_2O. These assay results were returned from an area along a corridor that includes the differentiated and lithium-bearing Kanunka – Bukena – Malemba-Nkulu pegmatites.

Furthermore, grab samples collected from the Kamola pegmatite returned lithium oxide content up to 0.284% Li_2O.

The Company has been in ongoing discussions with the owners of Kamola regarding future activities under the joint venture agreement given the Company considers that the terms of the farm in need to be renegotiated in order to recommence activities on ground COVID permitting.

Busumbu Phosphate Project

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

Exploration work was completed by Gulf Industrial Limited (ASX Listed) in 2011 and 2012. The full results of the six-hole diamond drill program completed by Gulf Industrial in 2012 is included in an ASX release dated 26 November 2012 "*Confirmation of High Grade Phosphate Discovery – Busumbu*". During FY2020, representatives from African Minerals concluded a site visit in preparation for a fully-funded exploration program and further project development initiatives before COVID put a halt to activities.

Directors' Report (continued)

HIPO retains a 24% carried interest in the Busumbu Phosphate Project in Uganda, with African Minerals Ventures Limited ("African Minerals") as the farm-in operator. During the year African Minerals engaged with 25% interest and license holder Namekara Mining Company Limited with regards to extending or replacing Exploration License EL1534 which covers the Project.

New opportunities

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

Corporate

Option Expiry

On 30 April 2020, 2,000,000 unlisted options exercisable at $0.05 each, expired unexercised.

On 30 June 2020, 106,329,456 listed options (HIPO) exercisable at $0.02 each, expired unexercised.

Board Changes

On 24 October 2019, the Company announced that Mr Benjamin Jarvis was appointed to the Board as a non-executive director of the Company. Mr Jarvis has extensive experience in the small resources sector as both a public company director and strategic advisor. Mr Samuel Jarvis announced his resignation on the same day due to increased commitments in the oil & gas sector.

On 10 September 2020, the Company announced that Mr Roger Jackson was appointed to the Board as a non-executive director of the Company. Mr Jackson brings considerable geological and mining expertise to the Company.

Shareholder Meetings

Following the Company's Annual General Meeting ("AGM") held on 30 November 2019, the Company announced that all resolutions put to Shareholders had been passed on a show of hands. The Resolutions the subject of the AGM included, amongst other things, the ratification of previous share placements and option issues and the election of directors.

Operating Results

The statement of profit or loss and other comprehensive income shows a net loss for the year ended 30 June 2020 to members of $487,855 (2019: net loss of $755,395).

Dividends

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

Significant Changes in State of Affairs

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

Directors' Report (continued)

After Balance Date Events

On 1 July 2020, the Company announced that it had entered into a Binding Heads of Agreement with Zamia Metals Ltd (Zamia) where the Company could acquire up to a 70% interest in Zamia Resources Pty Ltd which owns four (4) exploration permits over ~115km2 including two open pit historical gold mines – the Belyando and Lucky Break Mines – and multiple unexplored targets.

On 3 July 2020, the Company announced that it had issued 56,000,000 ordinary shares at an issue price of $0.012 per share, as part of a raising of $672,000 to new and existing professional and sophisticated investors. In addition to the Placement Shares, the Company allotted 91,917 shares following the conversion of unlisted options.

On 23 July 2020, the Company announced that, having been satisfied with technical due diligence, it intended to proceed with the transaction with Zamia.

On 10 September 2020, the Company announced the appointment of experienced geologist and mining executive Mr Roger Jackson to the Board as a non-executive director.

Other than reported above, the Group has no further after balance date events to report.

Likely Developments and Expected Results

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

Financial Position

At 30 June 2020, the Group had net assets of $1,076,595 and cash reserves of $867,895 (2019: net assets $1,045,224, with cash reserves of $547,364).

Environmental Regulation

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

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

Directors' Report (continued)

Information on Directors (continued)

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

Mr Benjamin Jarvis	-	Non-Executive Director (appointed 24 October 2019)
Qualifications	-	B Arts.
Experience	-	Mr Jarvis has extensive experience in the small resources sector as both a public company director and strategic advisor. Since 2011, he has been a non-executive director of South American focused gold and silver mining company, Austral Gold Limited (ASX:AGD) which is dual-listed on the Australian Securities Exchange (ASX: AGD) and the Toronto Venture Exchange (TSX-V: AGLD). Mr Jarvis is the Managing Director and co-founder of Six Degrees Investor Relations, an Australian advisory firm he formed in 2006 that provides investor relations services to a broad range of companies listed on the Australian Securities Exchange. Mr. Jarvis was educated at the University of Adelaide.
Interest in Shares and Options	-	10,118,386 Ordinary Shares
Current directorships	-	Austral Gold Limited.
Former directorships held in past three years	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Mr Daniel Smith	-	Non-Executive Director and Company Secretary
Qualifications	-	BA, FCD (CGP), MAICD, RG146.
Experience	-	Mr Smith is a chartered governance professional with over 12 years' primary and secondary capital markets expertise, and has advised on a number of IPOs, RTOs and capital raisings on the ASX. Dan's focus is on commercial due diligence, transaction structuring, and investor and stakeholder engagement. He is currently a director and company secretary of ASX and AIM-listed Europa Metals Ltd and ASX-listed Lachlan Star Limited, a director of ASX-listed Artemis Resources Limited and White Cliff Minerals Limited and is company secretary of Taruga Minerals Limited and Vonex Limited.
Interest in Shares and Options	-	Nil
Current directorships	-	Europa Metals Ltd (AIM: EUZ), Lachlan Star Limited (ASX:LSA), Artemis Resources Ltd (ASX: ARV), White Cliff Minerals Ltd (ASX:WCN), Alien Metals Ltd (AIM: UFO).
Former directorships held in past three years	-	PLC Financial Solutions (ASX:PLC).

Mr Roger Jackson	-	Non-Executive Director (appointed 10 September 2020)
Qualifications	-	B.Sc. (Geology, Geophysics) Grad Dip Fin Man, Grad Dip Ed
Experience	-	Mr Jackson is a qualified geologist with a career spanning more than 25 years, Roger has considerable experience in mineral exploration, mine management, mining services and the marketing of mineral concentrates. Currently he is the Executive Director of London-listed NQ Minerals Plc and he has been instrumental in leading NQ's growth with the acquisition of two major mining and exploration projects in Tasmania – the producing Hellyer mine and more recently the Beaconsfield gold mine. From 2012-2015, Roger was a founding Director of privately owned Central Gold Mines and Bracken Resources, which refurbished and re-started the Georgetown and Hillgrove gold plants. Long Standing member of AusIMM and Competent Person
Interest in Shares and Options	-	Nil
Current directorships	-	NQ Minerals Plc (LON: NQMI). Pan Asia Metals Ltd
Former directorships held in past three years	-	Ark Mines Ltd

Directors' Report (continued)

Directors Meetings

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

	Number of Meetings Eligible to Attend	Number of Meetings Attended
Director		
Mr Maurice Feilich	3	3
Mr Benjamin Jarvis	2	2
Mr Daniel Smith	3	3
Mr Samuel Jarvis	2	2
Mr Roger Jackson	-	-

Shares under Option

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

Type	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	31 October 2020	$0.02	7,000,000

Shares Issued on the Exercise of Options

During the year 91,917 listed options were exercised for $1,838. As a result, 91,917 ordinary shares have been issued on 3 July 2020.

Insurance of Officers

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

Indemnity and insurance of auditor

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

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

Proceedings on Behalf of the Group

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

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

Directors' Report (continued)

Non-Audit Services

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

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

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

Auditor's Independence Declaration

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

Auditor

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

Remuneration Report (Audited)

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

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

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

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

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

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

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Non-Executive Directors

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

Directors' Fees

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

Additional fees

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

Retirement allowances for directors

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

Executive pay

The executive pay and reward framework has two components:

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

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

Base pay

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

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

Benefits

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

Directors' Report (continued)

Remuneration Report (Audited) (continued)

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

Long term incentives

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

B Details of remuneration

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

Key Management personnel and other executives of the Group

Consolidated	**Short-term employee benefits**			**Post-employment benefits**		**Share-based pay-ments**	**Total**
30 June 2020	**Cash salary & Fees**	**Consulting fee**	**Non-monetary Benefits**	**Super-annuation Pensions**	**Retire-ment Benefits**		
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Executive Directors							
Maurice Feilich	106,680	-	-	-	-	-	106,680
Total Executive Directors	**106,680**	**-**	**-**	**-**	**-**	**-**	**106,680**
Non-Executive Directors							
Benjamin Jarvis [2]	20,000	-	-	-	-	-	20,000
Samuel Jarvis [3]	12,000	-	-	-	-	-	12,000
Daniel Smith	32,000	-	-	-	-	-	32,000
Total Non-Executive Directors	**64,000**	**-**	**-**	**-**	**-**	**-**	**64,000**
Other Key Management Personel							
Benjamin Jarvis [2]	23,000	-	-	-	-	-	23,000
Daniel Smith [1]	32,000	-	-	-	-	-	32,000
	55,000	**-**	**-**	**-**	**-**	**-**	**55,000**
Total key management personnel compensation (Company)	**225,680**	**-**	**-**	**-**	**-**	**-**	**225,680**

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

[1] Mr D Smith, a Non-Executive Director, also provides company secretarial services to the Group.
[2] Mr B Jarvis was appointed Non-Executive Director on 24 October 2019. Mr B Jarvis also provides public relation services to the Group.
[3] Mr S Jarvis resigned as Non-Executive Director on 24 October 2020.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

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

C Service agreements

No formal service agreements have been entered into by non-executive directors upon appointment to the board during the year ended 30 June 2020. Effective 1 July 2018 as the result of board resolution, all non-executive directors are entitled to $3,000 per month and no termination benefits.

D Share-based compensation

There were no shares or options issued to key management personnel as part of the compensation during the year ended 30 June 2020.

E Additional disclosures relating to key management personnel

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Key management personnel options

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

2020 **Name**	**Balance at the start of the year (or appointment)**	**Granted**	**Exercised**	**Expired, forfeited and other changes**	**Balance at the end of the year (or resignation)**
Directors					
Executive Directors					
Maurice Feilich	3,925,844	-	-	(3,925,844)	-
Total Executive Directors	3,925,844	-	-	(3,925,844)	-
Non-Executive Directors					
Benjamin Jarvis [1]	-	-	-	-	-
Samuel Jarvis [2]	4,000,000	-	-	-	4,000,000
Daniel Smith	-	-	-	-	-
Total Non-Executive Directors	4,000,000	-	-	-	4,000,000
Total	7,925,844	-	-	-	4,000,000

[1] Mr B Jarvis was appointed Non-Executive Director on 24 October 2019.
[2] Mr S Jarvis resigned as Non-Executive Director on 24 October 2019.

Key management personnel shareholdings

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

2020 **Name**	**Balance at the start of the year (or appointment)**	**Received during the year on the exercise of options**	**Other changes**	**Balance at the end of the year (or resignation)**
Directors				
Executive Directors				
Maurice Feilich	16,453,374	-	-	16,453,374
Total Executive Directors	16,453,374	-	-	16,453,374
Non-Executive Directors				
Benjamin Jarvis [1]	10,118,386	-	-	10,118,386
Samuel Jarvis [2]	13,500,000	-	-	13,500,000
Daniel Smith	-	-	-	-
Total Non-Executive Directors	23,618,386	-	-	23,618,386
Total	40,071,760	-	-	40,071,760

[1] Mr B Jarvis was appointed Non-Executive Director on 24 October 2019.
[2] Mr S Jarvis resigned as Non-Executive Director on 24 October 2019.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Voting and comments made at the company's 2019 Annual General Meeting (AGM)

At the 2019 AGM, held on 30 November 2019, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Group did not receive any specific feedback at the AGM regarding its remuneration practices.

Additional information

The loss of the Group for the five years to 30 June 2020 are summarised below, along with other factors that are considered to affect total shareholder return (TSR):

	2020 $	2019 $	2018 $	2017 $	2016 [1] $
Closing share price – 30 June	0.015	0.008	0.021	0.038	0.060
Loss for the year attributable to owners of Hipo Resources Ltd	(487,855)	(755,395)	(280,078)	(8,766,845)	(352,464)
Basic EPS (cents)	(0.13)	(0.20)	(0.15)	(7.48)	(1.00)

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

Other transactions and balances with key management personnel

Below are transactions and balances with director-related entities for the 2020 financial year:

Related Party	Type of Service	2020 $
Expenses		
Minerva Corporate Pty Ltd [1]	Company secretarial services	**32,000**
Six Degrees Group Holdings Pty Ltd [2]	Public relation services	**23,000**
Total Expenses		**55,000**
Liabilities		
Benjamin Jarvis	Accrued director fees	**20,000**
Maurice Feilich	Accrued director fees	**216,680**
Minerva Corporate Pty Ltd [1]	Director fees and company secretary services included in trade payables	**83,600**
Six Degrees Group Holdings Pty Ltd [2]	Director fees and public relation services included in trade payables	**79,370**
Total Liabilities		**399,650**

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

[2] Benjamin Jarvis is a Director and shareholder of Six Degrees Holdings Pty Ltd, a company which provides public relation and non-executive director services to the Group. The public relation services expense identified above only relates to the period in which Mr Jarvis was a director of the Group.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Other transactions and balances with key management personnel (continued)

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

[End of Remuneration Report]

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

Maurice Feilich
Executive Chairman

Perth, Western Australia, 30 September 2020

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AUDITOR'S INDEPENDENCE DECLARATION

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

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

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

David Wall
Partner
RSM Australia Partners

Perth, WA
Dated: 30 September 2020

RSM Australia Partners

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

Qualified opinion

We have audited the financial report of Hipo Resources Limited (**Company**), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for qualified opinion

As disclosed in Note 9 to the financial statements, the Company's investment in Next-Battery Limited is carried in the statement of financial position at $755,951. We were unable to obtain any appropriate audit evidence about the carrying amount of the investment as at 30 June 2020 due to no audited financial information being available regarding the financial performance and financial position of Next-Battery Limited, which is an unlisted private company, limited by shares and incorporated in Gibraltar. Consequently, we were unable to determine whether any adjustments to the carrying amount of the investment was necessary.

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

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

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

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. Except for the matter described in the *Basis for qualified opinion* section of our report, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

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

In our opinion, the Remuneration Report of Hipo Resources Limited, 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.

D J WALL
Partner
RSM Australia Partners

Perth, Western Australia
30 September 2020

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Revenue from continuing operations			
Other income	2	-	57,880
		-	57,880
Expenses			
Finance costs		**(2,433)**	(132,324)
Employee and director benefits expense	3	**(225,680)**	(192,000)
Exploration costs written off	10	**(30,137)**	(67,351)
Financial and company secretarial management expenses		-	(36,000)
ASX and share registry fees		**(35,076)**	(44,181)
Consultants and travel		**(2,101)**	(88,626)
Other expenses		**(192,428)**	(251,025)
Foreign currency loss		-	(1,768)
Loss before income tax expense		**(487,855)**	(755,395)
Income tax expense	4	-	-
Loss after income tax expense for the year		**(487,855)**	(755,395)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive loss for the year		**(487,855)**	(755,395)
Loss attributable to:			
Owners of the Company		**(487,855)**	(755,395)
Non-controlling Interests		-	-
		(487,855)	(755,395)
Total comprehensive loss attributable to:			
Owners of the Company		**(487,855)**	(755,395)
Non-controlling Interests		-	-
		(487,855)	(755,395)
Basic and diluted loss per share (cents)	5	**(0.13)**	(0.20)

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

Statement of Financial Position
As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**867,895**	547,364
Trade and other receivables	8	**6,407**	7,749
Total Current Assets		**874,302**	555,113
Non-Current Assets			
Investments	9	**755,951**	755,951
Total Non-Current Assets		**755,951**	755,951
TOTAL ASSETS		**1,630,253**	1,311,064
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**553,658**	265,840
Total Current Liabilities		**553,658**	265,840
TOTAL LIABILITIES		**553,658**	265,840
NET ASSETS		**1,076,595**	1,045,224
EQUITY			
Issued capital	12	**38,943,152**	38,943,152
Reserves	13	**666,743**	327,441
Accumulated losses	15	**(38,533,300)**	(38,225,369)
TOTAL EQUITY		**1,076,595**	1,045,224

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

Statement of Cash Flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees		**(130,912)**	(495,826)
Receipts from customers		**-**	-
Royalties paid		**-**	-
Interest paid		**(2,253)**	(2,420)
Net cash flows used in operating activities	22	**(133,165)**	(498,246)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure	10	**(30,137)**	(67,351)
Payment of capital investment fee		**-**	(49,384)
Payments for plant and equipment		**-**	-
Payments for investment in Next-Battery Ltd	9	**-**	(556,030)
Payments for disposal off subsidiary (net of cash disposed)		**-**	-
Net cash flows used in investing activities		**(30,137)**	(672,765)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	-
Funds received in advance for the issue of shares		**483,833**	-
Share issue costs		**-**	(10,680)
Repayment of borrowings		**-**	-
Proceeds from borrowings		**-**	-
Net cash flows (used in) / provided by financing activities		**483,833**	(10,680)
Net decrease in cash and cash equivalents		**320,531**	(1,181,691)
Cash and cash equivalents at beginning of year		**547,364**	1,729,055
Effect of foreign currency translation		**-**	-
Cash and cash equivalents at end of year	7	**867,895**	547,364

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

Statement of Changes in Equity
For the year ended 30 June 2020

	Issued Capital $	Accumulated Losses $	Reserves $	Non-Controlling Interest $	Total $
Balance at 1 July 2019	**38,943,152**	**(38,225,369)**	**327,441**	**-**	**1,045,224**
Loss for the year	**-**	**(487,855)**	**-**	**-**	**(487,855)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**(487,855)**	**-**	**-**	**(487,855)**
Transactions with owner, directly recorded in equity:					
Issue of shares	**-**	**-**	**-**	**-**	**-**
Issue of share-based payments	**-**	**-**	**35,393**	**-**	**35,393**
Capital-raising proceeds received in advance	**-**	**-**	**483,833**	**-**	**483,833**
Share issue costs	**-**	**-**	**-**	**-**	**-**
Total transactions with owners	**38,943,152**	**(38,713,224)**	**846,667**	**-**	**1,076,595**
Transfer of reserve to accumulated losses	**-**	**179,924**	**(179,924)**	**-**	**-**
Balance at 30 June 2020	**38,943,152**	**(38,533,300)**	**666,743**	**-**	**1,076,595**
Balance at 1 July 2018	38,864,735	(37,469,974)	50,200	-	1,444,961
Loss for the year	-	(755,395)	-	-	(755,395)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	(755,395)	-	-	(755,395)
Transactions with owner, directly recorded in equity:					
Issue of shares	75,000	-	-		75,000
Issue of share-based payments	-	-	277,241	-	277,241
Share issue costs	3,417	-	-	-	3,417
Balance at 30 June 2019	38,943,152	(38,225,369)	327,441	-	1,045,224

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

Notes to the Financial Statements

1. Summary of significant accounting policies

These consolidated financial statements and notes represent those of Hipo Resources Limited and controlled entities ("Group" or "Consolidated Entity").

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

The financial report was authorised for issue on 30 September 2020 by the directors of the company.

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

(a) Basis of preparation

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

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

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

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

The Group has adopted AASB 16 Leases, which was effective 1 July 2019, however it has not material impact on the financial statements of the Group as the Group doesn't have any leases which meet the criteria for recognition as set out in AASB 16.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Hipo Resources Limited and its subsidiaries as at 30 June each year. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

(a) Basis of preparation (Cont'd)

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Operating Segments

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

Notes to the Financial Statements

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

(c) Foreign Currencies

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

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

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

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

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

(d) Income Tax

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

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

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

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

Notes to the Financial Statements

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

(e) Income Tax (cont'd)

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

(f) Right of Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(g) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(h) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

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

Notes to the Financial Statements

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

(i) Impairment of Assets

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

(j) Employee Benefits

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

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

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

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

The fair value at grant date is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

Notes to the Financial Statements

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

(i) Employee Benefits (cont'd)

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

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

(j) Provisions

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

(k) Cash and Cash Equivalents

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

(l) Revenue

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

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

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

(m) Goods and Services Tax (GST)

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

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

Notes to the Financial Statements

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

(n) Comparatives

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

(o) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(p) Financial Instruments

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

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

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

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

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

Notes to the Financial Statements

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

(p) Financial Instruments (cont'd)

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

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

(i) *Loans and receivables*

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

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

(ii) Financial liabilities

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

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

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

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

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

Notes to the Financial Statements

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

(p) Financial Instruments (cont'd)

Impairment

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

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

Derecognition

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

(q) Impairment of Non-Financial Assets

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

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

(r) Trade and Other Payables

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

Notes to the Financial Statements

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

(s) Earnings per Share

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

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

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

(t) Current and Non-Current Classification

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

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

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

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

(u) Issued Capital

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

(v) Borrowings

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

Notes to the Financial Statements

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

(v) Borrowings (cont'd)

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

(w) Discontinued operations

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

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

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

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

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

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

Notes to the Financial Statements

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

(y) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectation of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts in the financial statements.

Coronavirus (COVID-19) pandemic Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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

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

Notes to the Financial Statements

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

(z) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Notes to the Financial Statements

2. Revenue

	Consolidated 2020 $	2019 $
Revenue		
Other income – gain on forfeiture of entitlements	-	57,000
Other income	-	880
	-	57,880

3. Employee and director benefits expense

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

	Consolidated 2020 $	2019 $
Employee benefits expense		
Directors fees	**225,680**	192,000
Total employee benefits expense	**225,680**	192,000

4. Income Tax

	Consolidated 2020 $	2019 $
Loss before income tax	**(487,855)**	(755,395)
Tax benefit, prima facie, at the Australian tax rate of 27.5% (2019: 27.5%)	**(134,160)**	(207,734)
Add / (less):		
Non-assessable income	-	-
Non-deductible expenses	**(15,033)**	(12,066)
Effect of difference in tax rate for foreign subsidiary	-	-
	(149,193)	(219,800)
Deferred tax assets not brought to account	**149,193**	219,800
Income tax expense/ (benefit)	-	-

At 30 June 2020, the Group has unused tax losses of $39,364,888 (2019: $38,842,368). The potential tax benefit at the Australian tax rate of 27.5% (2019: 27.5%) not recognised for unused tax losses is $10,825,344 (2019: $10,681,651). The unused tax losses are comprised of operating losses totalling $8,048,440 and capital losses totalling $31,316,448.

The benefit for tax losses will only be obtained if:

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

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

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

Notes to the Financial Statements

5. Earnings per Share

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

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

	Consolidated 2020 $	2019 $
Loss after income tax	**(487,855)**	(755,395)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**386,510,456**	386,304,977

6. Dividends Paid or Proposed

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

7. Cash and Cash Equivalents

	Consolidated 2020 $	2019 $
Current		
Cash at bank and in hand	**867,895**	547,364
	867,895	547,364

8. Trade and Other Receivables

	Consolidated 2020 $	2019 $
Current		
Other receivables	**6,407**	7,749
	6,407	7,749

Impairment of receivables
The Group has not recognized any provision for impairment of receivables as at 30 June 2020 (2019: nil).

Notes to the Financial Statements

9. Investments

	Consolidated 2020 $	2019 $
Non- Current		
Investment – Next-Battery Ltd	**755,951**	755,951
	755,951	755,951
Movement		
Balance at beginning of period	**755,951**	-
Cash payment	**-**	556,030
Conversion of refundable deposit	**-**	135,796
Share-based payment	**-**	64,125
Balance at end of period	**755,951**	755,951

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

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

As at 30 June 2020, the Group had completed the initial spending commitment of USD 500,000 (approximately $691,826) to earn an initial 25% interest in Next-Battery. In addition, the total estimated fair value of the performance shares granted of $64,125 has been capitalised as it comprises the acquisition cost of the initial 25% interest.

Next-Battery is currently conducting a strategic funding round to continue development of its commercial prototypes and to significantly advance existing relationships. At this stage the Group is unlikely to exercise its rights to acquire an additional 10% interest in Next-Battery, However may consider further investments in Next-Battery as part of a broader capital raising or upon milestone success with regards to their technologies.

Notes to the Financial Statements

10. Exploration and Evaluation Expenditure

	Consolidated 2020 $	2019 $
Non – Current		
Exploration and evaluation expenditure – at cost	-	-
Movement		
Balance at beginning of period	-	-
Exploration costs incurred	**30,137**	67,351
Impairment of exploration costs	**(30,137)**	(67,351)
Disposal of subsidiary	**-**	-
Translation differences	**-**	-
Balance at end of period	**-**	-

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

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

11. Trade and Other Payables

	Consolidated 2020 $	2019 $
Current		
Trade payables	**249,678**	80,540
Other payables	**303,980**	185,300
	553,658	265,840

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

12. Issued Capital

	2020 $	2019 $
(a) **Issued and paid up capital**		
Ordinary shares - fully paid	**38,943,152**	38,943,152
	38,943,152	38,943,152

Notes to the Financial Statements

12. Issued Capital (cont'd)

Movement in ordinary shares on issue:

	Date	No. of Shares	Issue Price	$
30 June 2018		382,760,456		38,864,735
Placement	20 July 2018	3,750,000	$0.020	75,000
Share issue costs		-		3,417
30 June 2019		**386,510,456**		**38,943,152**
No movement for the year		**-**		**-**
30 June 2020		**386,510,456**		**38,943,152**

[1] The proceeds from this capital raising were received by 30 June 2020, while the shares were issued on 3 July, 2020.

[2] The proceeds from conversion of these options were received on 30 June 2020, while the shares were issued on 3 July 2020.

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

Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The capital of the Group for the years ended 30 June 2020 and 30 June 2019 are as follows:

	Note	Consolidated 2020 $	2019 $
Total borrowings (including payables)	11	**553,658**	265,840
Less cash and cash equivalents	7	**(867,895)**	(547,364)
Net debt		**(314,237)**	(281,524)
Total equity		**1,076,595**	1,045,224
Total capital		**762,358**	763,700

Notes to the Financial Statements

13. Reserves

	Consolidated 2020 $	2019 $
Reserves		
Option reserve	**118,785**	263,316
Shares to be issued reserve	**547,958**	64,125
	666,743	327,441

Movement during the year	**Option reserve**	**Shares to be issued reserve**
Balance at 30 June 2018	50,200	-
Options issued	213,116	-
Shares granted	-	64,125
Balance at 30 June 2019	**263,316**	**64,125**
Options issued	**35,393**	**-**
Transfer of reserve to accumulated losses upon expiration of options	**(179,924)**	**-**
Balance at 30 June 2020	**118,785**	**64,125**

Options reserve

The option reserve recognises options issued by the company. The balance of the options reserve transferred to accumulated losses during the year ended 30 June 2020 was related to previously unexercised and expired options.

Summary of share options:

	Expiry Date	Exercise Price	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Forfeited/(expired) during the year Number	Balance at end of the year Number	Vested & exercisable at end of the year Number
2020								
Unlisted option	30 Apr 20	$0.05	**2,000,000**	-	-	**(2,000,000)**	-	-
Listed option	30 Jun 20	$0.02	**106,421,373**	-	**(91,917)**	**(106,329,456)**	-	-
Unlisted option	31 Oct 20	$0.02	**7,000,000**	-	-	-	**7,000,000**	**7,000,000**
			115,421,373	-	**(91,917)**	**(108,329,456)**	**7,000,000**	**7,000,000**
2019								
Unlisted option	30 Apr 20	$0.05	2,000,000	-	-	-	2,000,000	2,000,000
Listed option	30 Jun 20	$0.02	95,333,873	11,087,500	-	-	106,421,373	106,421,373
Unlisted option	31 Oct 20	$0.02	-	7,000,000	-	-	7,000,000	7,000,000
			97,333,873	18,087,500	-	-	115,421,373	115,421,373

Further information regarding valuation of the above options is provided at note 16.

Notes to the Financial Statements

14. Financial Instruments

Financial Risk Management

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

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. 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 rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

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

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

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

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

Risk Exposures and Responses

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

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

	Consolidated	
	2020	**2019**
	$	**$**
Financial Assets		
Cash and cash equivalents	**867,895**	547,364
Net exposure	**867,895**	547,364

Notes to the Financial Statements

14. Financial Instruments (cont'd)

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

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

	Consolidated 2020 $	2019 $
Judgements of reasonably possible movements:		
Post tax profit – higher / (lower)		
+ 0.5%	**4,339**	2,737
- 0.5%	**(4,339)**	(2,737)
Equity – higher / (lower)		
+ 0.5%	**4,339**	2,737
- 0.5%	**(4,339)**	(2,737)

Liquidity Risk

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

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

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

Consolidated
2020

Financial Instrument	Floating interest rate $	Fixed Interest rate maturing in: 1 year or less $	Over 1 to 5 years $	More than 5 years $	Non-interest Bearing $	Total $	Weighted average effective interest rate
Financial Assets							
Interest bearing							
Cash and cash equivalents	**867,895**	**-**	**-**	**-**	**-**	**867,895**	**0.00%**
Non-interest bearing							
Receivables – other	**-**	**-**	**-**	**-**	**6,407**	**6,407**	
Total financial assets	**867,895**	**-**	**-**	**-**	**6,407**	**874,302**	
Financial Liabilities							
Non-interest bearing							
Trade payables and accruals	**-**	**-**	**-**	**-**	**553,658**	**553,658**	
Total financial liabilities	**-**	**-**	**-**	**-**	**553,658**	**553,658**	

Notes to the Financial Statements

14. Financial Instruments (cont'd)

2019							
Financial Assets							
Interest bearing							
Cash and cash equivalents	547,364	-	-	-	-	547,364	0.00%
Non-interest bearing							
Receivables – other	-	-	-	-	7,749	7,749	
Total financial assets	547,364	-	-	-	7,749	555,113	
Financial Liabilities							
Non-interest bearing							
Trade payables and accruals	-	-	-	-	265,840	265,840	
Total financial liabilities	-	-	-	-	265,840	265,840	

Price Risk

The Group was not exposed to commodity price risk during the years ended 30 June 2020 and 30 June 2019.

Credit risk

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

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

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

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

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

Foreign currency risks

The Group was not exposed to Foreign currency risk during the years ended 30 June 2020 and 30 June 2019.

Notes to the Financial Statements

14. Financial Instruments (cont'd)

Net Fair Values

Fair value estimation

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

15. Accumulated Losses

	Consolidated 2020 $	2019 $
Accumulated losses at the beginning of the financial year	**(38,225,369)**	(37,469,974)
Loss for the year	**(487,855)**	(755,395)
Transfer of reserve to accumulated losses	**179,924**	-
Accumulated losses at the end of the financial year	**(38,533,300)**	(38,225,369)

16. Share-Based Payments

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

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

The total estimated fair value of these options of $80,650 was determined using a barrier option pricing model. The Group has recognised public relations expense of $35,393 during the period for the grant of these options.

	Consolidated 2020 $	2019 $
Recognised as public relations expense during the year	**35,393**	33,362
Recognised as finance costs during the year	**-**	129,724
Recognised as consultants and travel expense during the year	**-**	50,030
Total value of share-based payments expensed during the year	**35,393**	213,116
Fair value yet to vest	**11,895**	47,288
Total fair value of share-based payments granted during the year	**-**	260,404
Total value of share-based payments expensed during the year	**35,393**	213,116
Recognised as non-current investment (see note 9)	**-**	64,125
Total movement in the share-based payment reserve	**35,393**	277,241

No share based payments were granted during the year ended 30 June 2020.

Notes to the Financial Statements

16. Share-Based Payments (cont'd)

During the year ended 30 June 2019, the Group had the following share-based payments:

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

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

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

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

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

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

(4) On 22 October 2018, the Group entered into a subscription and shareholder agreement with Next Metals Ltd to acquire up to a 35% interest in Next-Battery Ltd under which the Group must issue 10,000,000 performance shares to Next-Battery Ltd which vest upon the achievement of the various milestones as detailed in note 9. The total estimated fair value of these performance shares of $64,125 was determined by the share price on the grant date of $0.019 and the estimated likelihood of each of the milestones being achieved. These performance shares are not subject to expiry. The total fair value was recognised as non-current investment as detailed in note 9.

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

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

Notes to the Financial Statements

16. Share-Based Payments (cont'd)

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

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

17. Commitments and Contingent Liabilities

(a) Commitments

The Group has no commitments as at 30 June 2020.

(b) Contingent liabilities

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

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

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

- The Group will not be required to pay any of the outstanding directors fees due to him or his related entities;

- The Group will not be required to pay any additional amounts that may be due to him directly and or indirectly through his related companies including Okap Ventures Pty Limited; and

- All other amounts that may be due to him directly and or indirectly through his related companies would be written off.

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

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

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

Notes to the Financial Statements

17. Commitments and Contingent Liabilities (cont'd)

(b) Contingent liabilities (cont'd)

If a trustee in bankruptcy, administrator or liquidator does seek to claim against the Group for these amounts, the Group will dispute the claim, on the bases set out above.

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

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

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

18. Related Party Disclosure

(a) Key management personnel

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

(b) Transactions and balances with related parties

Below are transactions and balances with director-related entities for the 2020 financial year:

Related Party	Type of Service	2020 $
Expenses		
Minerva Corporate Pty Ltd [1]	Company secretarial services	**32,000**
Six Degrees Group Holdings Pty Ltd [2]	Public relation services	**23,000**
Total Expenses		**55,000**
Liabilities		
Benjamin Jarvis	Accrued director fees	**20,000**
Maurice Feilich	Accrued director fees	**216,680**
Minerva Corporate Pty Ltd [1]	Director fees and company secretary services	**83,600**
Six Degrees Group Holdings Pty Ltd [2]	Director fees and public relation services	**79,370**
Total Liabilities		**399,650**

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

Notes to the Financial Statements

18. Related Party Disclosure (cont'd)

[2] Benjamin Jarvis is a Director and shareholder of Six Degrees Group Holdings Pty Ltd, a company which provides public relation and non-executive director services to the Group. The public relation services expense identified above only relates to the period in which Mr Jarvis was a director of the Group.

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

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

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

[2] Benjamin Jarvis is a Director and shareholder of Six Degrees Group Holdings Pty Ltd, a company which provides public relation and non-executive director services to the Group. The public relation services expense identified above only relates to the period in which Mr Jarvis was a director of the Group.

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

19. Events after the Reporting Date

On 1 July 2020, the Company announced that it had entered into a Binding Heads of Agreement with Zamia Metals Ltd (Zamia) where the Company could acquire up to a 70% interest in Zamia Resources Pty Ltd which owns four (4) exploration permits over ~115km2 including two open pit historical gold mines – the Belyando and Lucky Break Mines – and multiple unexplored targets.

On 3 July 2020, the Company announced that it had issued 56,000,000 ordinary shares at an issue price of $0.012 per share, as part of a raising of $672,000 to new and existing professional and sophisticated investors. In addition to the Placement Shares, the Company allotted 91,917 shares following the conversion of unlisted options.

On 23 July 2020, the Company announced that, having been satisfied with technical due diligence, it intended to proceed with the transaction with Zamia.

On 10 September 2020, the Company announced the appointment of experienced geologist and mining executive Mr Roger Jackson to the Board as a non-executive director.

Other than reported above, the Group has no further after balance date events to report.

Notes to the Financial Statements

20. Auditors' Remuneration

	Consolidated 2020 $	2019 $
Audit and review of financial reports:		
- RSM Australia Partners	**30,000**	30,000
	30,000	30,000
Non-audit services:		
- Independent Expert Report	**-**	-
	-	-

21. Operating Segment

Management has determined the operating segments based on the geographical reports reviewed by the board of directors that are used to make strategic decisions. The Group has mineral exploration operations in the Democratic Republic of Congo (DRC), investments operated in Ukraine by Next-Battery Ltd (see note 9) and its head office located in Australia. The Group previously controlled entities with mineral production operations in Uganda and mineral exploration operations in the USA.

Consolidated	**Australia**	**Ukraine**	**DRC**	**Uganda**	**Total**
30 June 2020	**$**	**$**	**$**	**$**	**$**
Revenue					
Other income	**-**	**-**	**-**	**-**	**-**
Total segment revenue	**-**	**-**	**-**	**-**	**-**
Result					
Segment result	**(487,855)**	**-**	**-**	**-**	**(487,855)**
Assets and Liabilities at 30 June 2020					
Segment assets	**874,302**	**755,951**	**-**	**-**	**1,630,253**
Segment liabilities	**(553,658)**	**-**	**-**	**-**	**(553,658)**

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

Notes to the Financial Statements

22. Cash Flow Information

Reconciliation of Cash Flow from Operations

	Consolidated 2020 $	2019 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax for the year	**(487,855)**	(755,395)
Depreciation and amortisation	**-**	-
Other income – waiver of debts	**-**	-
Revaluation loss	**-**	3,614
Loss on debt for equity swap	**-**	-
Foreign exchange loss	**-**	1,768
Exploration costs written off	**30,137**	67,351
Interest expense share-based payments	**-**	129,724
Director fees paid in shares	**-**	-
Accounting fees paid in shares	**-**	-
Public relations fees share-based payments	**35,393**	33,362
Consultants and travel expense share-based payments	**-**	50,030
Gain on disposal of subsidiaries	**-**	-
Movements in assets and liabilities:		
- Trade and other receivables	**1,341**	9,310
- Inventory	**-**	-
- Other assets	**-**	-
- Trade and other payables	**287,819**	(38,010)
- Provisions	**-**	-
Net Cash used in Operating Activities	**(133,165)**	(498,246)

Non-Cash Investing Activities

Year ended 30 June 2020
The Group has had no non-cash investing activities during the year ended 30 June 2020.

Year ended 30 June 2019
On 22 October 2018, the Group entered into a subscription and shareholder agreement with Next Metals Ltd to acquire up to a 35% interest in Next-Battery Ltd under which the Group must issue 10,000,000 performance shares to Next-Battery Ltd as per note 16 to the financial statements.

Non-Cash Financing Activities

Year ended 30 June 2020
The Group has had no non-cash financing activities during the year ended 30 June 2020.

Year ended 30 June 2019
On 20 July 2018, 11,087,500 listed options were issued as part settlement of convertible loans to the Group as per note 16 to the financial statements.

Notes to the Financial Statements

22. Cash Flow Information (cont'd)

On 20 July 2018, 7,000,000 unlisted options were issued as part of a service agreement with the Group as per note 16 to the financial statements.

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

23. Directors and Key Management Disclosures

Key management personnel compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the consolidated entity's key management personnel for the year ended 30 June 2020.

	Consolidated	
	2020	**2019**
	$	**$**
Short-term employee benefits	**225,680**	192,000
Consulting fee	**-**	-
Total	**225,680**	192,000

Directors' Declaration

The directors of the company declare that:

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

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

    b. Give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date;

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

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

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

Maurice Feilich
Executive Chairman

Perth, Western Australia, 30 September 2020

ASX Additional Information

The following additional information is required by the Australian Securities Exchange. The information is current as at 24 September 2020.

1. Shareholdings

The issued capital of the Company as at 24 September 2020 is 442,602,373 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

(a) Distribution schedule and number of holders of equity securities as at 24 September 2020

	1 – 1,000	**1,001 – 5,000**	**5,001 – 10,000**	**10,001 – 100,000**	**1,000,001 – and over**	**Total**
Fully Paid Ordinary Shares	124	163	29	161	201	678

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 24 September 2020 is 382.

(b) 20 largest holders of quoted equity securities as at 24 September 2020

The names of the twenty largest holders of fully paid ordinary shares (ASX code: HIP) as at 24 September 2020 are:

Rank	**Name**	**Shares**	**% of Total Shares**
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,336,659	6.18
2	CITICORP NOMINEES PTY LIMITED	19,708,731	4.45
3	BATTLE MOUNTAIN PTY LIMITED	15,474,368	3.50
4	GOFOUR SAIL PTY LTD	15,000,000	3.39
5	CLAYMORE VENTURES LIMITED	13,130,000	2.97
6	MR JOSEPHUS JEFFREY VERHEGGEN	12,755,489	2.88
7	INVESTMET LIMITED	11,250,000	2.54
8	ROOKHARP CAPITAL PTY LIMITED	10,000,000	2.26
9	MR VICTOR LORUSSO	9,000,000	2.03
10	FILMRIM PTY LTD	8,653,374	1.96
11	MR RONALD BOWEN + MRS AGNES BOWEN <CANDY SUPER FUND A/C>	8,500,000	1.92
12	NAZDALL PTY LTD	8,000,000	1.81
13	FLOURISH SUPER PTY LTD <FLOURISH S/F A/C>	7,600,000	1.72
14	GREYWOOD HOLDINGS PTY LTD	7,500,000	1.69
15	JOHN WARDMAN & ASSOCIATES PTY LTD	7,150,000	1.62
16	MR MICHAEL SHIRLEY	7,000,000	1.58
17	SEEFELD INVESTMENTS PTY LTD <SEEFELD A/C>	6,800,000	1.54
18	MS JACQUELINE BRYER	6,000,000	1.36
19	MS JUSTINE DAVINA MICHEL <LAMBRECHT INVESTMENT A/C>	6,000,000	1.36
20	MRS MELANIE THERESE VERHEGGEN	5,600,000	1.27
	TOTAL	**212,458,621**	**48.00**

Stock Exchange Listing – Listing has been granted for 442,602,373 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange under (ASX:HIP.

(c) Substantial shareholders

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

Nil.

(d) Restricted Securities as at 24 September 2020

The Company has no restricted securities as at 24 September 2020.

(e) Voting Rights

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

(f) On-Market Buy-Back

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

(g) Corporate Governance

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

(h) Application of Funds

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

Competent Persons Statement

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Dr Hugh Herbert a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Herbert is a Director of HK Herbert & Associates Pty Ltd. Dr Herbert has sufficient experience that is relevant to the style of mineralisation and type 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 Resource and Ore Reserves”. Dr Herbert consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mining Claim Schedule

Mining Tenement (Claim)	Reference	Interest Held
Disney	EPM17703	Option to acquire up to a 70% interest
Mazeppa	EPM14790	Option to acquire up to a 70% interest
Amaroo South	EPM19369	Option to acquire up to a 70% interest
Mazeppa Extended	EPM15145	Option to acquire up to a 70% interest
Namekara Mining Company Limited, Uganda		
MINING LICENSE 4651	ML 4651	Nil[1]

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