MOHO RESOURCES LIMITED

(Previously Moho Resources NL)

ACN 156 217 971

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Directors

Mr Terry Streeter	Non-Executive Chairman
Mr Shane Sadleir	Managing Director
Mr Ralph Winter	Commercial Director
Mr Adrian Larking	Non-Executive Director

Company Secretary
Mr Ralph Winter

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Principal Place of Business
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SUBIACO WA 6008

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Auditors
RSM Australia Partners
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Annual report
for the year ended 30 June 2018

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The Directors of Moho Resources Limited (previously Moho Resources NL) ("Moho" or "the Company") present their report together with the annual report of the Company for the financial year ended 30 June 2018.

Director details

The following persons were Directors of the Company during or since the end of the financial year:

Name	Particulars
Mr Terry Streeter	**Non-Executive Chairman – Appointed 6 July 2018.** Mr Streeter has extensive experience in funding, listing and overseeing junior explorers in all exploration and economic cycles and has served in various roles in the nickel sulphide industry for over 30 years.
Mr Shane Sadleir *BSc (Hon), FAusIMM*	**Managing Director – Appointed 12 March 2012.** Mr Sadleir is a geoscientist with over 30 years experience in exploration, mining, environmental and corporate aspects of the mining industry, having specialised in the mineralogy and geochemistry of Darling Range bauxite deposits at University. Throughout his career Mr Sadleir has been involved in the exploration of gold, uranium, nickel, base metals, bauxite and mineral sands in Australia and overseas. Since 2005, he has been involved in the formation, project acquisition and successful listing of a number of public mining companies on the ASX and the Alternative Investment Market in London. He has previously held directorship positions with Bannerman Resources Limited, Trafford Resources Limited, Athena Resources Limited, Robust Resources Limited and Scotgold Resources Limited.
Mr Ralph Winter *BCom, Grad Dip Prof Acct, GAICD*	**Commercial Director – Appointed 12 March 2012.** Mr Winter is a commerce graduate with 12 years of experience in the mining and exploration industry. He has specialised in corporate affairs and finance, marketing and promotion and business development in both exploration and development companies, with a wide range of commodities including gold, copper, silver, uranium and iron ore. Mr Winter is a graduate of the Australian Institute of Company, Founding Director of Australian Remote Assistance and a Non-Executive Director of Breast Cancer Care WA which is a not for profit organisation

Mr Adrian Larking
BSc (Hon, 1st) UWA and Adelaide, MSc & Dip Imperial College (RSM, London), LLB (Adelaide), Grad. Dip. Legal Practice (SA); FAusIMM, FAIG

Non-Executive Director – Appointed 7 March 2014.
Mr Larking is a geoscientist and lawyer with extensive minerals, petroleum and energy industry experience in Australia and internationally. He has spent over 25 years with Western Mining Corporation Limited (WMC) holding various senior and management positions in exploration, mine geology, research, commercial, analyst, marketing in the, minerals and petroleum divisions.

Mr Larking has been involved in the successful establishment of a number of junior gold companies which discovered multi-million ounce gold deposits and has substantial experience as a director of listed and unlisted companies and consultant to exploration companies. He is a Councillor of the Association of Mining and Exploration Companies (AMEC).

Company secretary

Mr Ralph Winter, resigned 12 June 2018 and was re-appointed on 8 October 2018.

Mr Keith Bowker, appointed 12 June 2018, resigned 8 October 2018. Mr Bowker is a director of KBH Corporate Pty Ltd where he specialises in corporate advisory, company secretarial and financial management services. Mr Bowker is a Chartered Accountant with extensive experience in providing financial reporting services to ASX listed companies predominately within the resources sector.

Principal activities

During the financial year the principle continuing activities of the Company consisted of mineral exploration.

There was no significant change in the nature of the Company's activity during the financial year.

Review of operations

The loss for the Company after providing for income tax amounted to $554,433 for the financial year to 30 June 2018 (2017: $424,696).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Subsequent events

During the financial year, the Company issued 1,000,000 convertible notes at an issue price of $0.10 each ("Tranche 1 Convertible Notes") to raise $100,000. On 9 July 2018, the Tranche 1 Convertible Notes were converted to 1,025,350 fully paid ordinary shares at a deemed issued price of $0.10 per share which included 25,350 fully paid ordinary shares as payment of accrued interest.

During the financial year, the Company issued 3,833,333 convertible notes at an issue price of $0.12 each ("Tranche 2 Convertible Notes") to raise $460,000. Subsequent to the financial year, the Company issued a further 333,334 Tranche 2 Convertible Notes to raise $40,000. On 9 July 2018, the Tranche 2 Convertible Notes were converted to 4,233,353 fully paid ordinary shares at a deemed issued price of $0.12 per share which included 66,686 fully paid ordinary shares as payment of accrued interest. In addition, the Company issued 1,411,121 free attaching options exercisable at $0.25 per share on or before 9 July 2023.

Subsequent to the financial year, the Company issued 2,500,000 convertible notes at an issue price of $0.16 each ("Tranche 3 Convertible Notes") to raise $400,000. On 26 July 2018, the Tranche 3 Convertible Notes were converted to 2,500,000 fully paid ordinary shares at a deemed issue price of $0.16 per share.

In connection with the issue of the convertible notes above, the Company issued 520,000 options to parties who facilitated the introduction of those investors ("the Facilitation Options"), with an exercise price of $0.25 per share and an expiry date of five years from the date of issue.

On 9 July 2018, the Company issued 11,577,588 options exercisable at $0.25 each on or before 9 July 2023 on a 1.5 for 1 basis following the 1 for 3 share consolidation.

On 17 July 2018, the Company issued 7,200,000 options to Directors exercisable on or before 17 July 2023 with 3,000,000 options exercisable at $0.25 each, vesting upon the Company's share price reaching a 20-day volume weighted average price (VWAP) of $0.25 and 5,000m of drilling. 2,100,000 options exercisable at $0.35 each, vesting upon the Company's shares reaching a 20-day VWAP of $0.35 and 10,000m of drilling. 2,100,000 options exercisable at $0.50 each, vesting upon the Company's share price reaching a 20-day VWAP of $0.50 and 15,000m of drilling.

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Likely developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends have been paid by the Company during the financial year ended 30 June 2018, nor have the Directors recommended any dividend to be paid.

Unissued shares under option

Unissued ordinary shares of the Company under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares ($)	Number under option
9 July 2018	9 July 2023	$0.25	11,577,588
9 July 2018	9 July 2023	$0.25	1,411,121
9 July 2018	9 July 2023	$0.25	520,000
17 July 2018	17 July 2023	$0.25	3,000,000
17 July 2018	17 July 2023	$0.35	2,100,000
17 July 2018	17 July 2013	$0.50	2,100,000
			20,708,709

These options do not entitle the holder to participate in any share issue of the Company.

No shares were issued during or since the end of the financial year as a result of the exercise of an option over unissued shares or interests.

Indemnification of officers and auditors

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Directors' meetings

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

Board Member	Entitled to Attend	Number Attended
Terry Streeter	-	-
Shane Sadlier	2	2
Ralph Winter	2	2
Adrian Larking	2	2

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Auditor's independence declaration

The auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is included on page 5 of the annual report.

This Directors' report is signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Shane Sadleir
Managing Director
18 October 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Moho Resources Limited for the year ended 30 June 2018, 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.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 18 October 2018

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MOHO RESOURCES LIMITED

Opinion

We have audited the financial report of Moho Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2018, 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, 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 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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 2018, 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 18 October 2018

In the opinion of the Directors of Moho Resources Limited:

(a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

(c) the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Shane Sadleir
Managing Director
18 October 2018

Statement of profit or loss and other comprehensive income
For the financial year ended 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Continuing operations			
Consulting expense		(32,000)	(33,215)
Impairment of exploration and evaluation expenditure	17	(359,663)	(376,878)
Rental expense		(20,265)	(9,450)
Share-based payments expense	15.3	(34,148)	-
Other expenses		(108,357)	(5,153)
Loss before income tax		**(554,433)**	**(424,696)**
Income tax expense	6	-	-
Loss for the year from continuing operations		**(554,433)**	**(424,696)**
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Moho Resources Limited		**(554,433)**	**(424,696)**
Loss per share:			
Basic and diluted (cents per share)	7	**(7.66)**	**(7.72)**

Notes to the financial statements are set out on pages 13 to 31.

Statement of financial position
As at 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Current assets			
Cash and cash equivalents	8(a)	101,685	806
Trade and other receivables	9	71,068	12,000
Total current assets		**172,753**	**12,806**
Non-current assets			
Plant and equipment	10	2,333	-
Total non-current assets		**2,333**	**-**
Total assets		**175,086**	**12,806**
Current liabilities			
Trade and other payables	11	177,825	261,501
Borrowings	12	-	21,965
Total current liabilities		**177,825**	**283,466**
Total liabilities		**177,825**	**283,466**
Net liabilities		**(2,739)**	**(270,660)**
Equity			
Issued capital	13	1,205,655	417,449
Share option reserve	14	34,148	-
Accumulated losses		(1,242,542)	(688,109)
Total deficiency		**(2,739)**	**(270,660)**

Notes to the financial statements are included on pages 13 to 31.

Statement of changes in equity
For the financial year ended 30 June 2018

	Issued capital $	Option reserve $	Accumulated losses $	Total $
Balance as at 1 July 2016	130,253	-	(263,413)	(133,160)
Loss for the year	-	-	(424,696)	(424,696)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(424,696)	(424,696)
Issue of shares	287,196	-	-	287,196
Balance as at 30 June 2017	**417,449**	**-**	**(688,109)**	**(270,660)**
Balance as at 1 July 2017	417,449	-	(688,109)	(270,660)
Loss for the year	-	-	(554,433)	(554,433)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(554,433)	(554,433)
Issue of shares	262,606	-	-	262,606
Share issue costs	(34,400)	-	-	(34,400)
Issue of convertible note equity instruments	560,000	-	-	560,000
Share-based payment options	-	34,148	-	34,148
Balance as at 30 June 2018	**1,205,655**	**34,148**	**(1,242,542)**	**(2,739)**

Notes to the financial statements are set out on pages 13 to 31.

Statement of cash flows
For the financial year ended 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(95,058)	(1,568)
Payments related to exploration expenditure		(336,671)	(10,025)
Interest and other finance costs paid		(261)	-
Net cash used in operating activities	8(b)	(431,990)	(11,593)
Cash flows from investing activities			
Payments for purchase of fixed assets		(2,500)	-
Net cash used in investing activities		(2,500)	-
Cash flows from financing activities			
Proceeds from issue of shares		-	7,500
Payments of costs associated with the Facilitation Options		(20,000)	-
Proceeds from convertible note equity instruments	13	560,000	4,504
Repayment of borrowings		(4,631)	-
Net cash provided by financing activities		535,369	12,004
Net increase in cash and cash equivalents		**100,879**	**411**
Cash and cash equivalents at the beginning of the year		806	395
Cash and cash equivalents at the end of the year	8(a)	**101,685**	**806**

Notes to the financial statements are included on pages 13 to 31.

Notes to the financial statements
For the year ended 30 June 2018

1. Nature of operations

Moho Resources Limited's (formally Moho Resources NL) ("Moho" or "the Company") principal activities are disclosed in the Directors' report.

2. General information and statement of compliance

These general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for the purpose of preparing the financial statements.

Moho Resources Limited is an unlisted public company incorporated and domiciled in Australia. The addresses of the Company's registered office and principal place of business are disclosed in the corporate directory.

The financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board of Directors on 18 October 2018.

3. Application of new or amended Accounting Standards and Interpretations

3.1. New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

3.2. Accounting Standards issued but not yet effective and not been adopted early by the Company

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

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be finalised by the Company.

3. Application of new or amended Accounting Standards and Interpretations (cont'd)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be finalised by the Company.

4. Significant accounting policies

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.

Basis of preparation

Historical costs convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Plant and equipment

IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value.

Gain or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

4. Significant accounting policies (continued)

Exploration, evaluation and development expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified area of interest. Exploration and evaluation expenditure is measured at cost.

Exploration and evaluation expenditure related to each identifiable area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred. These costs are only carried forward to the extent that the following conditions are satisfied:

i) rights to tenure of the identifiable area of interest are current; and
ii) at least one of the following conditions is also met:
   a) the expenditure is expected to be recouped through the successful development of the identifiable area of interest, or alternatively, by its sale; or
   b) where activities in the identifiable area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and activities in, or in relation to, the area of interest.

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 in the statement of profit and loss and other comprehensive income in the year in which the decision to abandon the area is made.

Exploration and evaluation assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist. If the test indicates that the carrying value might not be recoverable the asset is written down to its recoverable amount. Any such impairment arising is recognised in profit or loss.

Where an impairment loss subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Once the technical feasibility and commercial viability of the extraction mineral resource in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to development expenditure.

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings, plant and equipment is capitalised as development expenditure. Development expenditure includes previously capitalised exploration and evaluation costs, pre-production development costs, development studies and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Revenue recognition

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

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

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

4. Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. Significant accounting policies (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

4. Significant accounting policies (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
• it is a derivative that is not designated and effective as a hedging instrument.

4. Significant accounting policies (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

4. Significant accounting policies (continued)

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

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

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Cash and cash equivalents

Cash and cash equivalents includes 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 and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

4. Significant of accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. Other receivables are recognised at amortised cost, less any provision for impairment.

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.

Share-based payments

Equity-settled and cash-settled share-based payments are provided by the Company.

Equity-settled transactions are awards of shares, or options over shares, that are provided in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model taking into account the terms upon which the instruments were granted, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by using an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

4. Significant accounting policies (continued)

If the non-vesting condition is within the control of the Company or the recipient of the award, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or the recipient of the award and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards 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 award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Comparative amounts

When current period balances have been classified differently within current period disclosures when compared to prior periods, comparative disclosures have been restated to ensure consistency of presentation between periods.

5. Critical accounting judgements and key sources of estimation uncertainty

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 expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Company measures the cost of equity-settled transactions 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 an appropriate valuation 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.

6. Income taxes

Income tax recognised in loss	**2018 $**	**2017 $**
Current tax	-	-
Deferred tax	-	-
Total income tax	**-**	**-**

The income tax expense for the financial year can be reconciled to the accounting profit/(loss) as follows:

Loss from continuing operations	(554,433)	(424,696)
Income tax benefit calculated at 30%	(166,330)	(127,409)
Effect of expenses that are not deductible	46,516	16,044
Effect of expenses that are deductible	(15,000)	(12,000)
Unused tax losses not brought to account as deferred tax assets	134,814	123,365
	-	-

The tax rate used for the 2018 reconciliation above is the corporate tax rate of 30% (2017: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

6. Income taxes (continued)

Unrecognised deferred tax assets/(liabilities)	**2018 $**	**2017 $**
Tax losses	324,236	189,422
Temporary differences	(36,271)	(15,000)
	287,965	**174,422**

7. Loss per share

	2018 Cents per share	**2017 Cents per share**
Basic and diluted loss per share	**(7.66)**	**(7.72)**

Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

Loss for the year attributable to owners of the Company	(554,433)	(424,696)

	No.	**No.**
Weighted average number of shares for the purposes of basic and diluted loss per share	7,241,371	5,503,905

8. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2018 $	**2017 $**
(a) Reconciliation of cash		
Cash and bank balances	101,685	806
Cash and cash equivalents in the statement of financial position	**101,685**	**806**

(b) Reconciliation of loss for the year to net cash flows from operating activities

Loss for the year after income tax	(554,433)	(424,697)
Adjustments for:		
Depreciation	167	-
Interest and other finance costs paid	(261)	-
Share-based payments expense	34,148	-
Other non-cash movements	1,287	235,761
Operating loss before changes in working capital	(519,092)	(188,936)
Movements in working capital		
Trade and other receivables	(45,794)	(1,567)
Trade and other payables	132,896	178,910
	(431,990)	**(11,593)**

9. Trade and other receivables

	2018 $	2017 $
Prepayments	15,957	2,000
Deposits paid	10,000	10,000
Goods and services tax recoverable	45,111	-
	71,068	**12,000**

All amounts are short-term. The net carrying values are considered a reasonable approximation of fair value.

10. Plant and equipment

	2018 $	2017 $
Plant and equipment – at cost	2,500	-
Less: accumulated depreciation	(167)	-
	2,333	**-**

Reconciliation:
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	IT equipment $
Balance at 1 July 2016	-
Balance at 30 June 2017	-
Balance 1 July 2017	-
Additions	2,500
Depreciation expense	(167)
Balance 30 June 2018	**2,333**

11. Trade and other payables

	2018 $	2017 $
Trade creditors	56,921	119,345
Accrued expenses	120,904	142,156
	177,825	**261,501**

All amounts are short-term. The net carrying values are considered a reasonable approximation of fair value.

12. Borrowings

	2018 $	2017 $
Loans from related parties (refer note 20.3)	21,965	21,965
Repayment of loans with related parties	(4,631)	
Settlement of loans with related parties through the issue of shares	(17,334)	-
	-	**21,965**

The loans are unsecured, are interest free and are repayable on demand.

13. Issued capital

	2018 $	2017 $
7,718,389 (2017: 17,889,901) fully paid ordinary shares	**1,205,655**	**417,449**

Details	**Date**	**Shares**	**Issue Price**	**$**
Balance	1 July 2016	11,035,003		130,253
Issue of shares – conversion of creditors	22 Aug 2016	800,000	$0.05	40,000
Issue of shares – conversion of creditors/loans	8 Sept 2016	5,004,898	$0.04	200,196
Issue of shares – conversion of creditors/loan	10 Sept 2016	550,000	$0.04	22,000
Issue of shares – conversion of creditors	10 Sept 2016	350,000	$0.05	17,500
Issue of shares – placement	14 June 2017	150,000	$0.05	7,500
Balance	**30 June 2017**	**17,889,901**		**417,449**
Issue of shares – conversion of creditors	13 July 2017	480,000	$0.05	24,000
Issue of shares – conversion of creditors	22 Aug 2017	2,473,311	$0.05	123,011
Issue of shares – conversion of creditors	31 Aug 2017	300,000	$0.05	15,000
Issue of shares – conversion of creditors	20 Sept 2017	200,000	$0.05	10,000
Issue of shares – conversion of creditors/loans	12 Jan 2018	1,688,658	$0.05	84,433
Issue of shares – conversion of creditors/loans	13 Jan 2018	123,248	$0.05	6,162
Share consolidation on a 1 for 3 basis	22 June 2018	(15,436,729)		-
Tranche 1 Convertible Notes (i)		-	$0.10	100,000
Tranche 2 Convertible Notes (ii)		-	$0.12	460,000
Share issue transaction costs, net of tax		-		(34,400)
Balance		**7,718,389**		**1,205,655**

(i) 1,000,000 Tranche 1 Convertible Notes were issued at an issue price of $0.10 each to raise $100,000.

(ii) 3,833,333 Tranche 2 Convertible Notes were issued at an issue price of $0.12 each to raise $460,000. Subsequent to the financial year, the Company issued a further 333,334 Tranche 2 Convertible Notes to raise $40,000 and 2,500,000 Tranche 3 Convertible Notes at an issue price of $0.16 each to raise $400,000.

The convertible notes had a maturity date of 31 December 2018 and interest was payable at 10% per annum, amortised monthly.

Subsequent to the end of the financial year the Tranche 1 Convertible Notes were converted to 1,025,350 fully paid ordinary shares. The Tranche 2 Convertible Notes were converted to 4,233,353 fully paid ordinary shares plus 1,411,121 options exercisable at $0.25 with an expiry date of 9 July 2023. The Tranche 3 Convertible Notes were converted to 2,500,000 fully paid ordinary shares.

The convertible notes met the definition of equity instruments in accordance with AASB 132 Financial Instruments: Presentation and as such were recognised within issued capital.

14. Share option reserves

	2018 $	2017 $
Options reserve (refer note 15.3)	34,148	-
	34,148	**-**

15. Options

15.1 The following options arrangements were in existence at the reporting date:

Option series	Number	Grant date	Grant date fair value $	Exercise price $	Expiry date	Vesting date
(i)	520,000	27 Dec 2017	0.06567	0.25	9 July 2023	Vested

There has been no alteration of the terms and conditions of the above options arrangements since the grant date.

15.2 Options granted during the year

(i) In connection with the issue of the convertible notes (refer note 13), the Company issued 520,000 options to parties who facilitated the introduction of those investors (the "Facilitation Options").

15.3 Fair value of options granted during the year as share-based payments

The fair value of options issued during the year ended 30 June 2018 has been independently determined using the Black-Scholes option pricing model.

The value of $34,148 share-based payments expense has been recognised in profit or loss for the year ended 30 June 2018 (2017: Nil).

The weighted average exercise price of the share options granted during the financial year was $0.25 (2017: Nil).

Inputs into the model for options series (i)

Input	(i)
Grant date share price	$0.10
Exercise price	$0.25
Expected volatility	100%
Option life	5 years
Risk-free interest rate	2.385%
Dividend yield	n/a
Grant date fair value	$0.06567

15. Options (continued)

15.4 Movements in options during the year

The following reconciles options outstanding at the beginning and end of the year:

	2018	
	Number of options No.	**Weighted average exercise price $**
Balance at beginning of year	-	-
Granted during the year[i]	520,000	0.25
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Balance at end of year	**520,000**	**0.25**
Exercisable at end of year	**520,000**	**0.25**

[i] Refer to note 15.2 for further information.

15.5 Share options exercisable during the year

No share options were exercised during the year (2017: Nil).

15.6 Options outstanding at the end of the year

Share options outstanding at the end of the year had a weighted average exercise price of $0.25 (2017: Nil) and a weighted average remaining contractual life of 1,730 days (2017: Nil).

16. Contingent liabilities and contingent assets

In the opinion of the Directors, there are no contingent liabilities or contingent assets as at 30 June 2018 (2017: Nil) and none were incurred in the interval between the year-end and the date of this financial report.

17. Exploration and evaluation expenditure

	2018 $	**2017 $**
Carried forward exploration and evaluation expenditure	-	-
Expenditure incurred during the year	359,663	376,878
Impairment of exploration and evaluation expenditure (i)	(359,663)	(376,878)
	-	-

(i) An impairment expense of $359,663 has been recognised in profit or loss for the year ended 30 June 2018 (2017: $376,878). This is consistent with the Company's accounting policy in relation to exploration and evaluation expenditure.

18. Financial instruments

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

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

Categories of financial instruments

Financial assets	**2018** **$**	**2017** **$**
Cash and cash equivalents	101,685	806
Trade and other receivables (non-interest bearing)	71,068	12,000
	172,753	**12,806**

Financial liabilities	**2018** **$**	**2017** **$**
Trade and other payables	177,825	261,501
Borrowings	-	21,965
	177,825	**283,466**

The fair value of the above financial instruments approximates their carrying values.

Financial risk management objectives

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Company where such impacts may be material. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The main risks the Company is exposed to through its financial instruments are liquidity risk and market risk relating to interest rate risk.

Interest rate risk

Interest rate risk is managed by investing cash with major institutions in cash on deposit. An increase in interest rates of 2% would have decreased the Company's loss by $2,034 (2017: $16). Where interest rates decreased, there would be an equal impact on the profit and opposite impact on the loss.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by monitoring forecast and actual cash flows and ensuring that adequate funding is maintained. The Company's operations include planned capital raising on an on-going basis to fund its planned acquisition program. If the Company does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed acquisition or exploration expenditure until funding is available.

The Company has not performed any sensitivity analysis and none is disclosed in the financial statements as the impact would not be material.

19. Remuneration of auditors

	2018 $	2017 $
Audit services – RSM Australia Partners		
Audit or review of the financial statements	12,000	10,000
	12,000	**10,000**

20. Key management personnel

The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	2018 $	2017 $
Short-term employee benefits	95,000	60,000
	95,000	**60,000**

21. Related party transactions

21.1 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to note 20.

21.2 Transactions with related parties

On 12 January 2018, Share Sadleir received 1,688,658 (pre-consolidation) fully paid ordinary shares at a deemed issue price of $0.05 per share for the conversion of loan and expenses totaling $84,433. Shane Sadleir had an outstanding amount of $8,000 as at 30 June 2018.

On 13 January 2018, Adrian Larking received 123,248 (pre-consolidation) fully paid ordinary shares at a deemed issue price of $0.05 per share for the conversion of expenses totaling $6,162.

Ralph Winter had an outstanding amount of $3,300 (inclusive of GST) as at 30 June 2018.

On 8 September 2016, Shane Sadleir received 1,347,125 (pre-consolidation) fully paid ordinary shares at a deemed issue price of $0.04 per share for the conversion of Director fees and expenses totaling $53,885. Shane Sadleir also received 150,000 (pre-consolidation) fully paid ordinary shares in the placement at an issue price of $0.05 per share raising $7,500 and the farm-in of the Lake Dundas Project.

On 8 & 10 September 2016, Adrian Larking through his nominee company Worldscope Pty Ltd, which he is a director and shareholder received 720,451 (pre-consolidation) fully paid ordinary shares at a deemed issue price of $0.04 per share for the conversion of Director fees and expenses totaling $28,818.

On 8 September 2016, Ralph Winter received 550,000 (pre-consolidation) fully paid ordinary shares at a deemed issue price of $0.04 per share for the conversion of Director fees totaling $22,000 (inclusive of GST). Ralph Winter had an outstanding amount of $1,288.32 as at 30 June 2017.

21.3 Loans to/from related parties

During the 2018 financial year, Pamela Mulligan received $4,630 plus an interest amount of $261 for the full settlement of the loan. As mentioned in 21.2 Shane Sadlier received shares for the conversion of his outstanding loan balance and therefore there were no outstanding loans as at 30 June 2018.

As at 30 June 2017, Shane Sadleir and Pamela Mulligan had outstanding loan balances of $17,461 and $4,630 respectfully. No interest or repayments were made on the loans during the year.

The loans were unsecured and are repayable on demand.

22. Commitments for expenditure

Exploration Commitments

In order to maintain rights of tenure to exploration permits, the Company has certain obligations to perform minimum exploration work and expend minimum amounts of capital.

Those commitments may be varied as a result of renegotiations, relinquishments, farm-out or joint venture agreements, sales or carrying out work in excess of the permit obligations.

The minimum expenditure required by the Company on its exploration permits as at 30 June 2018 is estimated below. Commitments beyond the time frame below cannot be estimated reliably as minimum expenditure requirements are reassessed annually. These commitments have not been provided for in the financial report.

	2018 $	2017 $
Within one year	632,657	649,377
One to five years	1,853,504	2,064,004

23. Events after the reporting period

During the financial year, the Company issued 1,000,000 convertible notes at an issue price of $0.10 each ("Tranche 1 Convertible Notes") to raise $100,000. On 9 July 2018, the Tranche 1 Convertible Notes were converted to 1,025,350 fully paid ordinary shares at a deemed issued price of $0.10 per share which included 25,350 fully paid ordinary shares as payment of accrued interest.

During the financial year, the Company issued 3,833,333 convertible notes at an issue price of $0.12 each ("Tranche 2 Convertible Notes") to raise $460,000. Subsequent to the financial year, the Company issued a further 333,334 Tranche 2 Convertible Notes to raise $40,000. On 9 July 2018, the Tranche 2 Convertible Notes were converted to 4,233,353 fully paid ordinary shares at a deemed issued price of $0.12 per share which included 66,686 fully paid ordinary shares as payment of accrued interest. In addition, the Company issued 1,411,121 free attaching options exercisable at $0.25 per share on or before 9 July 2023.

Subsequent to the financial year, the Company issued 2,500,000 convertible notes at an issue price of $0.16 each ("Tranche 3 Convertible Notes") to raise $400,000. On 26 July 2018, the Tranche 3 Convertible Notes were converted to 2,500,000 fully paid ordinary shares at a deemed issue price of $0.16 per share.

In connection with the issue of the convertible notes above, the Company issued 520,000 options to parties who facilitated the introduction of those investors ("the Facilitation Options"), with an exercise price of $0.25 per share and an expiry date of five years from the date of issue.

On 9 July 2018, the Company issued 11,577,588 options exercisable at $0.25 each on or before 9 July 2023 on a 1.5 for 1 basis following the 1 for 3 share consolidation.

On 17 July 2018, the Company issued 7,200,000 options to Directors exercisable on or before 17 July 2023 with 3,000,000 options exercisable at $0.25 each, vesting upon the Company's share price reaching a 20-day volume weighted average price (VWAP) of $0.25 and 5,000m of drilling. 2,100,000 options exercisable at $0.35 each, vesting upon the Company's shares reaching a 20-day VWAP of $0.35 and 10,000m of drilling. 2,100,000 options exercisable at $0.50 each, vesting upon the Company's share price reaching a 20-day VWAP of $0.50 and 15,000m of drilling.

No matter or circumstance has arisen since 30 June 2018, which has significantly, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

24. Segment reporting

The Company operates in one business segment and one geographical segment namely the mineral exploration industry in Australia only.

The results of this segment are those of the Company as a whole and are set out in the statement of profit or loss and other comprehensive income. The assets and liabilities of this segment are those of the Company as a whole and are set out in the statement of financial position.