



**CELSIUS**  
**RESOURCES LTD**

**ANNUAL REPORT**

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**2018**

## DIRECTORS

Mr William Oliver	Non-Executive Chairman
Mr Brendan Borg	Managing Director
Mr Ranko Matic	Non-Executive Director
Mr Pine van Wyk	Executive Director

## COMPANY SECRETARY

Melanie Ross

## REGISTERED OFFICE & CONTACTS

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Stock Exchange Listing - ASX Code: CLA

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## DIRECTORS' REPORT

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Your directors present their report, together with the financial statements on the consolidated entity, consisting of Celsius Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018.

### DIRECTORS

The names of directors in office at any time during or since the end of the year are listed below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

<b>NAME OF PERSON</b>	<b>POSITION</b>
Mr William Oliver	Non-Executive Chairman
Mr Brendan Borg	Managing Director
Mr Ranko Matic	Non-Executive Director
Mr Pine van Wyk	Executive Director (appointed 4 September 2017)

### COMPANY SECRETARY

Ms Melanie Ross was appointed to the position of company Secretary on 22 November 2017 and held the position at the end of the financial year. Mr Ranko Matic previously held the position of company secretary from the beginning of the financial year through to 22 November 2017.

### OPERATING RESULTS

The loss of the consolidated entity amounted to \$2,790,788 (2017: \$781,822) after providing for income tax and eliminating non-controlling equity interests.

### DIVIDENDS

No dividends were paid or declared since the start of the financial year. No dividend has been recommended.

### PRINCIPAL ACTIVITIES

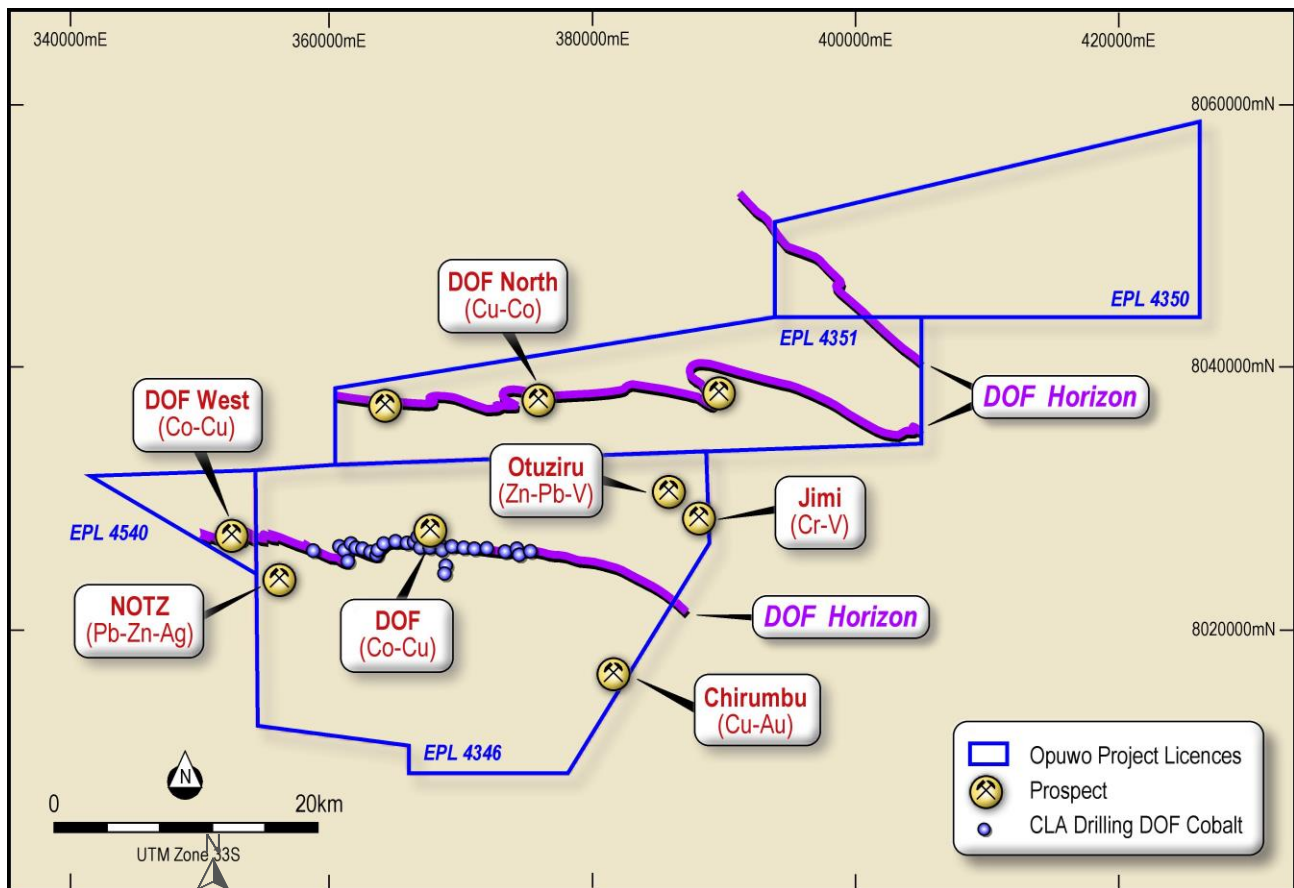
During the year, the principal activities of the consolidated entity consisted of mineral exploration and mineral extraction via joint venture arrangements.

### REVIEW OF OPERATIONS

#### **Opuwo Cobalt Project, Namibia (Celsius – 95%)**

The Opuwo Cobalt Project is located in northwestern Namibia, approximately 800 km by road from the capital, Windhoek, and approximately 750 km from the port at Walvis Bay. The Project has excellent infrastructure, with the regional capital of Opuwo approximately 30 km to the south, where services such as accommodation, fuel, supplies, and an airport and hospital are available. Good quality bitumen roads connect Opuwo to Windhoek and Walvis Bay. The Ruacana hydro power station (320 MW), which supplies the majority of Namibia's power, is located nearby, and a 66 kV transmission line passes through the eastern boundary of the Project.

The Project consists of 4 Exclusive Prospecting Licences covering approximately 1,470 km<sup>2</sup> (Figure 1).



**Figure 1: Opuwo Licence and Prospect Map**

Celsius continued exploration drilling on the Project during the 2018 financial year, and resolved in September, 2017 to commence a resource definition drilling program for the Project. This work culminated in a maiden JORC compliant Mineral Resource that was announced on 16 April, 2018. Further detailed information regarding the Mineral Resource was announced on 13 June, 2018.

The Mineral Resource estimate comprises **112.4 million tonnes** at a grade of **0.11% cobalt, 0.41% copper, and 0.43% zinc**, at a cutoff grade of 0.06% (or 600 ppm) cobalt. The Mineral Resource estimate represents contained cobalt of **126,100 tonnes** and consists of:

- **72.0 million tonnes** at a grade of **0.11% cobalt, 0.42% copper and 0.41% zinc** in the **Indicated** category, and a further
- **40.5 million tonnes** at a grade of **0.12% cobalt, 0.41% copper and 0.46% zinc** in the **Inferred** category.

The resource has been further split by ore type, as specified in Table 1. Over 95% of the Mineral Resource is comprised of the fresh sulphide ore type, a key feature of the Opuwo Project.

The Mineral Resource estimate covers a zone of approximately 10 km, with mineralisation remaining open in all directions. Mineralisation, and grade continuity, has already been confirmed over a total of more than 15 km of strike. The Mineral Resource is considered to have excellent potential for expansion, with further drilling.

Resource modelling and estimation has been completed by independent consultants, DMT Kai Batla.

**Table 1: JORC Compliant Indicated and Inferred Mineral Resources**

Category	Ore Type	Cobalt Cut-off (ppm)	Tonnage (Mt)	Cobalt (%)	Copper (%)	Zinc (%)	Contained Cobalt (t)
Indicated	Oxide	600	3.8	0.10	0.39	0.36	3,900
	Transition - Sulphide	600	1.6	0.10	0.42	0.38	1,700
	Fresh - Sulphide	600	66.5	0.11	0.42	0.41	73,700
<b>TOTAL INDICATED</b>		<b>600</b>	<b>72.0</b>	<b>0.11</b>	<b>0.42</b>	<b>0.41</b>	<b>79,300</b>
Inferred	Fresh - Sulphide	600	40.5	0.12	0.41	0.46	46,900
<b>TOTAL</b>		<b>600</b>	<b>112.4</b>	<b>0.11</b>	<b>0.41</b>	<b>0.43</b>	<b>126,100</b>

\* Note that minor rounding errors occur in this table.

Table 2 highlights the variation in grade and tonnes of the deposit at various cut-off grades.

**Table 2: JORC Compliant Indicated and Inferred Mineral Resources at Various Cobalt Cut-off Grades**

Cobalt Cut-off (ppm)	Tonnage (Mt)	Cobalt (%)	Copper (%)	Zinc (%)	Contained Cobalt (t)
0	294.4	0.06	0.24	0.33	177,100
200	238.7	0.07	0.28	0.37	169,100
400	146.7	0.10	0.37	0.41	142,800
<b>600</b>	<b>112.4</b>	<b>0.11</b>	<b>0.41</b>	<b>0.43</b>	<b>126,100</b>
800	87.9	0.12	0.44	0.44	109,100
1000	66.4	0.14	0.46	0.45	89,700
1200	44.7	0.15	0.49	0.46	66,000
1400	24.6	0.16	0.50	0.47	40,000
1600	9.6	0.19	0.46	0.45	17,900
1800	5.5	0.20	0.45	0.42	10,900
2000	3.1	0.21	0.45	0.34	6,300

\* Note that minor rounding errors occur in this table.

An updated Mineral Resource is scheduled to be released in Q4, 2018, which will include additional data from drilling conducted throughout 2018.

A Scoping Study commenced on the Opuwo Project, with completion and reporting expected in late October, 2018.

Contributions to the Scoping Study are being made by the following consultants:

- Metallurgy and Process Development - Orway Mineral Consultants, SGS Australia, SENET, Gecko Namibia
- CAPEX and OPEX estimates – Orway Mineral Consultants, SENET
- Geology, Exploration and Resources – DMT Kai Batla, Gecko Namibia
- Mining Studies – Pivot Mining Consultants, Auralia Mining Consulting
- Environmental, Water and Social – SLR Consulting
- Tailings Design – WWL Consulting Engineers and Scientists
- Power – EMCON Consulting
- Financial Modelling – Mineral Corporation

Assuming positive results from the Scoping Study, the company intends to immediately progress to a pre-feasibility study (PFS) and ultimately a bankable feasibility study (BFS) during 2019.

Exploration on the broader licence package commenced during 2018, with a helicopter borne electromagnetic survey (SkyTEM) flown, and an initial reconnaissance drilling program conducted at the DOF North Prospect. The SkyTEM final data and targeting report is expected early in Q4, 2018, and drill testing of priority targets is scheduled for later in Q4, 2018.

### **Western Australian Nickel Assets**

Celsius holds an interest in two nickel assets in Western Australia. Celsius (through View Nickel Pty Ltd) has a 100% interest in the Abednegno Hill Nickel Project to the south and west of Minara Resources' Murrin Murrin nickel mine. The Abednegno Hill tenements are believed to have potential for both nickel laterite and nickel sulphide mineralisation.

Celsius completed a ground EM survey over the Abednegno Hill during October – November 2017. A broad bedrock conductor was delineated in the centre of E39/1684, parallel to a known ultramafic unit. The area is covered by recent cover including a creek system and therefore the geological setting for this conductor is unknown. A smaller, local anomaly was identified in the west of the tenement area, in the centre of the Corkscrew Anticline, where thickening of the known ultramafic units may have occurred. Follow up work programmes at these prospects will include further geophysical surveys with the aim of delineating targets for drilling.

During June 2018 the company completed the sale of E39/1641 to a private individual. No EM anomalies were detected within this tenement and the tenement reflected a low priority for the company.

Additionally the company owns a 30% joint venture interest in the Carnilya Hill Joint Venture in Western Australia with Mincor Resources NL (Joint Venture). Mincor Resources NL (Mincor, ASX:MCR) is the operator of the Carnilya Hill JV. The tenements covered by the Carnilya Hill Joint Venture (JV) include Mining Licences M26/47, M26/48, M26/49 and M26/453. Mincor has not advised the company of any material results from exploration at the Carnilya Hill Project during the year. While the Carnilya Hill Project has several areas which could be of interest at higher nickel prices, the prices making these prospects viable are far above the prevailing price therefore Celsius has elected not to contribute to cash calls for the current period and dilute accordingly.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The consolidated entity continued its activities of mineral exploration and mineral extraction via joint venture arrangements.

The directors are not aware of any other significant change in the state of affairs of the consolidated entity that occurred during the financial year other than as reported elsewhere in the Annual Report.

### **FINANCIAL POSITION**

The net assets of the consolidated entity has increased to \$22,318,204 as at 30 June 2018, an increase of \$16,972,614 from net assets of \$5,345,590 at 30 June 2017.

The consolidated entity's net working capital, being current assets less current liabilities is a net current asset of \$13,382,201 (2017: \$3,826,418).

## EVENTS AFTER THE REPORTING PERIOD

On 15 August 2018 the company changed its registered office and principal place of business to Level 2, 22 Mount Street, Perth WA 6000.

On 11 July, 2 August, 24 August, 12 September and 28 September 2018 the company issued 1,021,895, 936,719, 1,274,405, 246,760 and 500,000 fully paid ordinary shares respectively as a result of listed options being exercised.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity the results of those operations, or the state of affairs of the consolidated entity in future financial years.

## LIKELY DEVELOPMENTS

The directors believe, on reasonable grounds, that to include in this report particular information regarding likely developments in the operations of the company and the expected results of those operations in future financial years would be speculative and likely to result in unreasonable prejudice to the company. Accordingly, this information has not been included in this report.

## ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the "NGER Act") which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

## INFORMATION ON DIRECTORS

**Mr William Oliver** Non-Executive Chairman

Qualifications BSc (Hons), GDipAppFin (FINSIA), MAIG, MAusIMM.

Experience Mr Oliver was appointed to the position of director on 23 December 2011. Mr Oliver has 20 years' experience in the international resources industry working for both major and junior companies. He holds an honours degree in Geology from the University of Western Australia as well as a post-graduate diploma in finance and investment from FINSIA.

Mr Oliver has led large scale resource definition projects for Rio Tinto and previously worked in near mine exploration/resource definition roles for New Hampton Goldfields and Harmony Gold. He managed exploration in Portugal for Iberian Resources Limited including target generation and grassroots exploration across a range of commodities.

More recent roles include Bellamel Mining, BC Iron, Signature Metals and Orion Gold NL. He is currently Managing Director of Tando Resources Ltd (ASX: TNO) and Non-Executive Director of Minbos Resources Ltd (ASX: MNB) and Koppa Resources Ltd (ASX: KRX) He has wide-ranging exploration experience including expertise in near-mine exploration/resource extension and resource definition as well as significant experience in the technical and economic evaluation of resources projects.

## DIRECTORS' REPORT

Interest in Shares and Options	532,834 ordinary shares 166,667 listed options exercise price \$0.01 expiring 30 December 2018 6,000,000 unlisted options exercise price \$0.05 expiring 18 August 2020
Directorships held in other listed entities	Non-Executive Director of Minbos Resources Ltd (since 2 September 2013) Managing Director of Tando Resources Ltd (since 31 March 2017)
<b>Mr Brendan Borg</b>	
Qualifications	BSc, MSc, MAusIMM
Experience	<p>Mr. Borg is a highly respected consultant geologist who has specialised in the “battery materials” sector including lithium, graphite and cobalt mineralisation, participating in numerous successful projects, in an investment and/or operational capacity. Mr. Borg has played a key role in the selection of the Opuwo Cobalt Project and exploration conducted by Celsius to date.</p> <p>Mr. Borg has 20 years’ experience gained working in management, operational and project development roles in the Exploration and Mining industries, with companies including Rio Tinto Iron Ore, Magnis Resources Limited, IronClad Mining Limited, Lithex Resources Limited and Sibelco Australia Limited. Brendan is a director of Tempus Resources Limited (ASX:TMR) and geological consultancy Borg Geoscience Pty Ltd.</p>
Interest in Shares and Options	22,000,000 ordinary shares 4,000,000 unlisted options exercise price \$0.05 expiring 18 August 2020
Directorships held in other listed entities	Non-Executive Director of Tempus Resources Ltd (since 18 April 2018)
<b>Mr Ranko Matic</b>	
Qualifications	B.Bus, CA
Experience	Over 25 years experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Ranko has considerable experience in a range of industries with particular exposure to public listed companies and large private enterprises. He is a director of a Corporate Advisory company based in Perth, Western Australia and has specialist expertise and exposure in the areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Through these positions Mr Matic has been involved in an advisory capacity in over 40 initial public offerings on the ASX in the last 15 years, as well as several recapitalisations of public listed companies.
Interest in Shares and Options	69,269 ordinary shares 6,000,000 unlisted options exercise price \$0.05 expiring 18 August 2020
Directorships held in other listed entities	Non-Executive Director of East Energy Resources Ltd (since 13 July 2007) Non-Executive Director of Argosy Minerals Limited (since 17 July 2014) Non-Executive Director of Antilles Oil and Gas Ltd (since 12 February 2016)
<b>Mr Pine van Wyk</b>	
Qualifications	NHD Met. Eng., B.Com, MBA



Experience	Mr van Wyk is a Metallurgical Engineer by profession, with extensive experience in the mining industry, particularly in developing and operating mines in Namibia. He holds commercial qualifications (B.Com and MBA), with a focus on project management. He spent eight years at Rössing Uranium, where his roles included Superintendent Acid Plant and Metallurgical Services, Superintendent Strategic Projects and Engineering Manager. In 2005, he joined Paladin Energy Ltd at their Langer Heinrich Uranium project as Operations Manager, taking the project from feasibility to full production. In 2008, he joined Gecko Namibia as Director Projects and in 2014 became Managing Director of the Gecko Namibia group of companies. During 2018, Mr van Wyk also became the CEO and director of Namibia Critical Metals Inc.
Interest in Shares and Options	2,791,250 ordinary shares 4,000,000 unlisted options exercise price \$0.175 expiring 16 April 2021
Directorships held in other listed entities	Nil

## COMPANY SECRETARY

Ms Melanie Ross is an accounting and corporate governance professional with over 18 years' experience in financial accounting and analysis, audit, business and corporate advisory services in public practice, commerce and state government. She has a Bachelor of Commerce and is a member of the Institute of Chartered Accountants in Australia and New Zealand and an associate member of the Governance Institute of Australia.

## MEETING OF DIRECTORS

Name	Number of meetings	Number eligible to attend	Number attended
Bill Oliver	3	3	3
Brendan Borg	3	3	3
Ranko Matic	3	3	3
Pine van Wyk	3	2	2

There were three directors meetings held during the financial year, however many board matters were dealt with via circular resolutions. The company does not have a formally constituted audit committee or remuneration committee as the board considers that the company's size and type of operation do not warrant such committees.

## REMUNERATION REPORT (Audited)

This report details the nature and amount of the remuneration for each key management person of Celsius Resources Limited for 30 June 2018.

The remuneration report is set out under the following headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Option holdings
- F Shareholdings
- G Performance rights holdings
- H Related party disclosures

The information provided under headings A-H includes remuneration disclosures that are required under accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

### **A. Principles used to determine the nature and amount of remuneration**

In determining competitive remuneration rates, the Board, acting in its capacity as the remuneration committee, seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board recognises that Celsius Resources Limited operates in a global environment. To prosper in this environment we must attract, motivate and retain key executive staff.

### **Market Comparisons**

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board will continue to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

### **Board Remuneration**

Shareholders approve the maximum aggregate remuneration for non-executive directors, which currently stands at \$300,000 per annum, as approved by shareholders at the Annual General Meeting on 21 November 2006. The Board determines actual payments to directors and reviews their remuneration annually based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

### **Performance-based Remuneration**

The company has established a Performance Rights Plan ("PRP") to provide ongoing incentives to directors, executives and employees of the company. The objective of the PRP is to provide the company with a remuneration mechanism, through the issue of securities in the capital of the company, to motivate and reward the performance of the directors and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the PRP are aligned with the successful growth of the company's business activities.

The directors and employees of the company have been, and will continue to be, instrumental in the growth of the company. The directors consider that the PRP is an appropriate method to:

- (a) reward directors and employees for their past performance;
- (b) provide long term incentives for participation in the company's future growth;
- (c) motivate directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable directors and employees.

**Group Performance, Shareholder Wealth and Directors and Executives Remuneration**

The remuneration policy has been tailored to increase the direct positive relationship between shareholder's investment objectives and director's and executive's performance. Currently, directors and executives are encouraged to hold shares in the company to ensure the alignment of personal and shareholder interests. The company provides performance based remuneration via their Performance Rights Plan. No Performance Rights are currently on issue.

The following summarises the performance of the consolidated entity over the last 5 financial years:

	2018	2017	2016	2015	2014
Revenue (\$)	75,506	6,743	2,325	2,648	4,523
Net profit/(loss) after income tax (\$)	(2,790,788)	(781,822)	(615,849)	(17,812,494)	(7,068,040)
Share price at year end (cents/share)	0.155	0.035	0.001*	0.001	0.001
Dividends paid (cents/share)	-	-	-	-	-

\*Suspended as at 30 June 2016. The company last traded at 0.001 cents per share on the 27 January 2016.

**B. Details of remuneration**

**Amounts of remuneration**

The remuneration for each key management person of the company for the year was as follows:

**2018**

Key Management Person	Short-term Benefits				Post-employment Benefits Super-annuation	Share based Payments Equity <sup>4</sup>	Total	Performance Related	Remuneration Consisting of Options
	Cash, salary & Commissions	Cash profit Share	Non-Cash Benefit	Other					
	\$	\$	\$	\$					
Mr W Oliver (1)	42,600	-	-	-	-	91,811	134,411	-	68.3%
Mr B Borg	304,892	-	-	-	-	91,811	396,703	-	23.1%
Mr P van Wyk (2)	52,000	-	-	-	-	163,790	215,790	-	75.9%
Mr R Matic (3)	40,000	-	-	-	-	91,811	131,811	-	69.6%
	<b>439,492</b>	-	-	-	-	<b>439,223</b>	<b>878,715</b>	-	<b>58.8%</b>

- 1 The above are solely director fees. Cash from other activities are also paid to Billandbry Consulting Pty Ltd, a company with which Mr Oliver is a shareholder and director. The payments are for the provision of geological consulting services and disclosed in section H of the Remuneration Report.
- 2 Mr van Wyk was appointed on 4 September 2017. The above are solely director fees. Cash from other activities are also paid to Stewardship Consulting Pty Ltd, a company with which Mr van Wyk is a shareholder and director. The payments are for the provision of metallurgical consulting services and disclosed in section H of the Remuneration Report.
- 3 The above are solely director fees. Cash from other activities are also paid to Consilium Corporate Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments are for the provision of corporate secretarial and accounting services and disclosed in section H of the Remuneration Report.
- 4 In accordance with the requirement of AASB2 Share-based payments, the value disclosed is the portion of the fair value of the options recognised as an expense in the reporting period. The amount included as remuneration is not related to nor indicative of the benefit (if any) that may ultimately be realised should the options vest.

2017

Key Management Person

Person	Short-term Benefits				Post-employment Benefits	Share based Payments		Performance Related	Remuneration Consisting of Options
	Cash, salary & Commissions	Cash profit Share	Non-Cash Benefit	Other	Super-annuation	Equity	Total		
	\$	\$	\$	\$	\$	\$	\$		
Mr W Oliver (1)	36,000	-	-	-	-	-	36,000	-	-
Mr B Borg	58,990	-	-	-	-	-	58,990	-	-
Mr A Muir (2)	33,000	-	-	-	-	-	33,000	-	-
Mr R Matic (3)	36,000	-	-	-	-	-	36,000	-	-
	<b>163,990</b>	-	-	-	-	-	<b>163,990</b>		

- 1 The above are solely director fees. Cash from other activities are also paid to Billandbry Consulting Pty Ltd, a company with which Mr Oliver is a shareholder and director. The payments are for the provision of geological consulting services and disclosed in section H of the Remuneration Report.
- 2 The above are solely director fees. Cash from other activities are also paid to Kanyalat Pty Ltd, a company with which Mr Muir is a shareholder and director. The payments are for the provision of geological consulting services and disclosed in section H of the Remuneration Report
- 3 The above are solely director fees. Cash from other activities are also paid to Bentleys Corporate Advisory (WA) Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments are for the provision of corporate secretarial and accounting services and disclosed in section H of the Remuneration Report

C. Service agreements

There were no key management personnel that have or had service agreements for the year ended 30 June 2018, other than as disclosed below.

Employment Contracts of Key Management Personnel

Each member of the company's key management personnel are employed on open-ended employment contracts between the individual person and the company. The Managing Director Mr Borg is employed as a full-time executive and Mr van Wyk is employed as a part-time executive as at the date of this report.

Non-Executive Directors have entered into a service agreement with the company in the form of a letter of appointment.

The below is as at the date of the financial report:

Key Management Person	Appointment	Term of Agreement	Base Salary (excludes GST) \$ p.a.	Termination Benefit
William Oliver	Non-Executive Chairman	No fixed term	72,000	Nil
Brendan Borg	Managing Director	No fixed term	360,000	3 months
Ranko Matic	Non-Executive Director	No fixed term	60,000	Nil
Pine van Wyk	Executive Director (Part-time)	No fixed term	168,000	Nil

D Share-based compensation

Options

The following options were granted as share based compensation for key management personnel provided during the financial year affecting remuneration in this or future reporting periods.

The fair value of the options granted during the financial year was \$439,223. Share based payment expense is recognised on a straight-line basis over the vesting period.

The value disclosed in the remuneration of key management personnel is the portion of the fair value of the share-based payment recognised as expense in each reporting period in accordance with the requirement of AASB 2. The remaining amount will be recognised in future reporting periods over the vesting period.

Grant date	Item	KMP	Amount	Expiry	Terms	Fair Value of		Hurdles
						Options at Grant Date	Expensed FY18 \$	
27/7/2017	Options	Willam Oliver	6,000,000	18/08/20	Exercisable at \$0.05	0.0217	91,811	Note 1
27/7/2017	Options	Brendan Borg	6,000,000	18/08/20	Exercisable at \$0.05	0.0217	91,811	Note 1
27/7/2017	Options	Ranko Matic	6,000,000	18/08/20	Exercisable at \$0.05	0.0217	91,811	Note 1
20/3/2018	Options	Pine van Wyk	4,000,000	16/04/21	Exercisable at \$0.175	0.0663	163,790	Note 2

**Note 1:**

The Options shall vest and are exercisable at any time on and from:

- (i) the delineation by the company of a JORC compliant mineral resource of a minimum of 10MT @ a minimum of 1% Copper (Cu) equivalent at the company's Opuwo Cobalt Project;
- (ii) the completion by the company of a positive scoping study of the Company's Opuwo Cobalt Project, leading to the commencement of a pre-feasibility study; and
- (iii) the completion by the company of a positive pre-feasibility study of the company's Opuwo Cobalt Project, leading to the commencement of a definitive feasibility study or decision to mine.

**Note 2:**

The Options shall vest and are exercisable at any time on and from:

- (i) 50% upon the decision to proceed to a pre-feasibility study upon completion of a scoping study; and
- (ii) 50% upon the decision to proceed to a definitive feasibility study upon completion of a pre-feasibility study.

**Shareholdings**

There were no shares issued to the directors during the year ended 30 June 2018.

**E Option Holdings**

The number options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2018	Balance at beginning of the year	Granted as remuneration during the year	Acquired on-market or as part of capital raising	Exercise of options	Other changes during the year (eg, resignation/appointment)	Balance at end of year
Mr W Oliver	166,667	6,000,000	-	-	-	6,166,667
Mr B Borg	3,333,333	6,000,000	-	(5,333,333)	-	4,000,000
Mr P van Wyk (appointed 4 September 2017)	-	4,000,000	-	-	-	4,000,000
Mr R Matic	-	6,000,000	-	-	-	6,000,000
	3,500,000	22,000,000	-	(5,333,333)	-	20,166,667

**F Shareholdings**

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2018	Balance at beginning of the year	Granted as remuneration during the year	Purchased on-market or as part of capital raising or exercise of options	Other changes during the year (eg, resignation/ appointment)	Balance at end of year
Mr W Oliver	532,834	-	-	-	532,834
Mr B Borg	15,000,000	-	7,000,000	-	22,000,000
Mr P van Wyk (appointed 4 September 2017)	-	-	-	2,791,250	2,791,250
Mr R Matic	69,269	-	-	-	69,269
	<u>15,602,103</u>	<u>-</u>	<u>7,000,000</u>	<u>2,791,250</u>	<u>25,393,353</u>

**G Performance Rights Holdings**

There were no performance rights issued or on issue during the financial year.

**H Related Party Disclosures**

**a) Transactions with related parties**

During the year, there were payments made to Consilium Corporate Advisory Pty Ltd (formerly Bentleys Corporate Advisory (WA) Pty Ltd) and Consilium Corporate Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments are for the provision of corporate secretarial and accounting services and amounted to \$119,197 (2017: \$94,095). Payments were also made to these companies for services provided as a director of the company and amounted to \$40,000 (2017: \$36,000).

During the year, there were payments made to Billandbry Consulting Pty Ltd, a company with which Mr Oliver, is a shareholder and director. The payments are for the provision of geological consulting services and amounted to \$30,750 (2017: \$32,150). Payments were also made to this company for services provided as a director of the company and amounted to \$42,600 (2017: \$36,000).

During the year, there were payments made to Borg Geoscience Pty Ltd, a company with which Mr Borg, is a shareholder and director. The payments are for the provision of Managing Director fees and amounted to \$304,892 (2017: \$58,990).

During the year, there were payments made to Stewardship Consulting (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments are for the provision of metallurgical consulting services and amounted to \$33,000 (2017: nil). Payments were also made to this company for services provided as a director of the company and amounted to \$52,000 (2017: nil).

During the year, there were payments made to Gecko Mining (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for the hire of equipment and amounted to \$38,381 (2017: nil).

During the year, there were payments made to Gecko Namibia (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for the administrative costs and recovery of other expenses and amounted to \$45,064 (2017: nil).

During the year, there were payments to and receipts from Gecko Drilling & Blasting (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for drilling costs and amounted to \$4,354,666 (2017: nil). The receipts were for accommodation cost recoveries and amounted to \$175 (2017: nil).

During the year, there were payments to and receipts from Gecko Exploration (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for administrative and salary recovery costs and amounted to \$727,005 (2017: nil). The receipts were for VAT refund recoveries and amounted to \$27,141 (2017: nil).

## DIRECTORS' REPORT

During the year, there were payments to and receipts from Namibia Rare Earths (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for vehicle rent, consumables and equipment purchases and amounted to \$43,958 (2017: nil). The receipts were for exploration cost recoveries and amounted to \$33,550 (2017: nil).

There were no other transactions with related parties. All related party transactions are on normal commercial terms and conditions.

### b) Payables owing to related parties

	2018	2017
	\$	\$
Billandbry Consulting Pty Ltd	6,000	10,400
Consilium Corporate Pty Ltd	16,338	12,182
Borg Geoscience Pty Ltd	30,000	26,667
Stewardship Consulting (Pty) Ltd	14,000	-
Gecko Drilling & Blasting (Pty) Ltd*	164,989	-
Gecko Exploration (Pty) Ltd*	5,803	-
Namibia Rare Earths (Pty) Ltd*	17,581	-
	254,711	49,249

\* These balance have been converted from Namibian dollars to Australian dollars.

### c) Receivables from related parties

	2018	2017
	\$	\$
Gecko Drilling & Blasting (Pty) Ltd prepayment*	591,716	-
Gecko Exploration (Pty) Ltd prepayment*	98,619	-
	690,335	-

\* These balance have been converted from Namibian dollars to Australian dollars.

**This concludes the remuneration report, which has been audited.**

## SHARES UNDER OPTION

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

Grant date	Expiry date	Exercise price	Number under option
14 December 2016	30 December 2018	\$0.01	43,879,507
18 May 2017	18 May 2020	\$0.05	3,000,000
19 May 2017	19 May 2020	\$0.075	2,000,000
19 May 2017	19 May 2020	\$0.10	2,000,000
19 May 2017	19 May 2020	\$0.125	2,000,000
27 July 2017	18 August 2020	\$0.05	16,000,000
4 January 2018	5 January 2021	\$0.175	1,000,000
4 January 2018	5 January 2021	\$0.225	1,500,000
24 October 2017	12 January 2021	\$0.075	6,000,000
8 December 2017	8 December 2020	\$0.175	2,000,000
8 December 2017	8 December 2020	\$0.205	2,000,000
8 December 2017	8 December 2020	\$0.225	2,000,000
29 January 2018	6 February 2020	\$0.175	2,000,000
12 April 2018	16 April 2020	\$0.13	1,000,000
12 April 2018	16 April 2020	\$0.16	1,000,000
20 March 2018	16 April 2021	\$0.175	6,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**SHARES ISSUED ON THE EXERCISE OF OPTIONS**

The following ordinary shares of Celsius Resources Limited were issued during the year end 30 June 2018 and up to the date of this report on the exercise of options granted:

<b>Date options granted</b>	<b>Exercise price</b>	<b>Number of shares issued</b>
14 December 2016	\$0.01	52,346,636
18 May 2017	\$0.05	13,000,000
24 October 2017	\$0.075	10,000,000
27 July 2017	\$0.05	2,000,000

**INDEMNITY AND INSURANCE OF OFFICERS**

The company has indemnified the directors and executives of the company for the costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**INDEMNITY AND INSURANCE OF AUDITOR**

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

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

**NON AUDIT SERVICES**

No non-audit services were provided to the company by the company's external auditor during the financial year (2017: \$8,000).

**OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS**

There are no officers of the company who are former partners of RSM Australia Partners.

**AUDITOR**

RSM Australia Partners were appointed as the company's auditors at the 2011 Annual General Meeting and continues in office in accordance with section 327 of the Corporations Act 2001.



### AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' Independence declaration as required under section 307C of the *Corporations Act 2001* is included within this financial report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



**Brendan Borg**  
**Managing Director**

Date: 28 September 2018  
Perth

### **Competent Persons Statement**

*Information in this report relating to Exploration Results is based on information reviewed by Mr. Brendan Borg, who is a Member of the Australasian Institute of Mining and Metallurgy and Managing Director of Celsius Resources. Mr. Borg has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Borg consents to the inclusion of the data in the form and context in which it appears.*

The Board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the company's size and the resources it has available.

As the company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the company's practices depart from the Recommendations.

<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
	<b>Recommendation</b>	<b>Celsius Resources Ltd Current Practice</b>
1.1	A listed entity should disclose: (a) respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Adopted  The directors have adopted a Board Charter which outlines the role of the Board. This is contained within their Corporate Governance Plan document, a copy of which is available on the company's website – <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a>  Executive Service Agreements outline functions of the executive directors. Non-executive Director appointment letters outline the terms and conditions of non-executive director appointments. As the company recruits additional management, the roles and responsibilities of these persons will be considered and documented.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director: and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Adopted  Material information in relation to a director up for re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board's consideration of them as independent or non independent director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted  All directors have a written agreement with the company setting out the terms of their appointments.
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	Adopted  The responsibilities of the Company Secretary are contained within the Board Charter.
1.5	A listed entity should: (a) Have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually (b) disclose that policy (c) disclose at end of reporting period how objectives are being achieved via: (i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or (ii) if entity is a "relevant employer" under the Workplace Gender Equality Act, the entities most recent "Gender Equality	Partially Adopted  The company has adopted a Diversity Policy within its Corporate Governance Plan document. Although it contains objectives, they are general in nature and not considered measurable. There are no immediate plans to further develop these objectives to include measurable objectives.  The company makes the following disclosures regarding the proportion of women employed in the organisation: - Women on Board: 0% - Women in Senior Management: 16.67% - Women in whole organisation: 16.67%
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and	Adopted  The company has a performance evaluation policy, as detailed in Schedule 6 of its Corporate Governance Plan document

	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	providing for an annual review on the board, directors and management. An evaluation has taken place within the financial period.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Adopted.  As detailed above, the company has a performance evaluation policy which include the performance of executives. An evaluation did not take place this financial period as the Project Development Manager was only appointed in February 2018.
<b>PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE</b>		
	<b>Recommendation</b>	<b>Celsius Resources Limited Current Practice</b>
2.1	The board of a listed entity should: (a) Have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by a independent director; and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Not Adopted  The company does not have a separate nomination committee and the full board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The company has adopted a Nomination Committee Charter setting out the board process to raise the issues that would otherwise be considered by the Nomination Committee. The Board consider that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.  The Nomination Committee Charter is detailed in Schedule 5 of the Corporate Governance Plan document available on the company's website <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Not Adopted  The company currently has a mixture of skills on the Board, including technical, financial, business, management and leadership. There is a statement on Board Composition contained on the Corporate Governance page on the company's website. <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a> . There is no immediate plans to develop and disclose a Board Skills Matrix.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.	Adopted.  (a) Ranko Matic – Independent William Oliver – Independent (b) n/a (c) Ranko Matic - appointment 5 November 2012 – 5 years 11 months William Oliver – appointment - 23 December 2010 - 8 years, 9 month
2.4	A majority of the Board of a listed entity should be independent directors.	Not Adopted.  Currently 50% of the board are considered independent directors as per box 2.3 of the ASX Corporate Governance Principles and Recommendations.
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Adopted.  William Oliver is the current Chairman of the company and Brendan Borg is the Managing Director of the company, this

		recommendation is satisfied.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Adopted.  The induction of new directors is currently completed by the Company Secretary. All directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors.
<b>PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING</b>		
	<b>Recommendation</b>	<b>Celsius Resources Limited Current Practice</b>
3.1	A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) (b) disclose that code of conduct or a summary of it.	Adopted.  Copy of Code of Conduct is contained within the company's Corporate Governance Plan which is published on the company's website and available at <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>		
	<b>Recommendation</b>	<b>Celsius Resources Limited Current Practice</b>
4.1	The board of a listed entity should:  (a) have an audit committee which: (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board; And disclose: (iii) the charter of the committee (iv) the relevant qualifications and experience of the member of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Not Adopted  The role of the audit committee is currently undertaken by the full board. The company has adopted an Audit and Risk Committee Charter which is published in the company's Corporate Governance Plan and available on the company's website <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a> The Board follows the Audit and Risk Committee Charter which provides for integrity of corporate reporting and the removal of the external auditor and the rotation of the audit engagement partner.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Adopted
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit	Adopted

<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>		
	<b>Recommendation</b>	<b>Celsius Resources Limited Current Practice</b>
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it</p>	<p>Adopted.</p> <p>The company has a Continuous Disclosure Policy which is published in the company's Corporate Governance Plan document which is available on the company's website. Refer <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a></p>
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS</b>		
	<b>Recommendation</b>	<b>Celsius Resources Limited Current Practice</b>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>Adopted</p> <p>Refer to the company's Corporate Governance page on its website – <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a></p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>Adopted</p> <p>The company has a Shareholder Communication strategy which is contained in the company's Corporate Governance Plan document, which is published on its website – <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a></p>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>Adopted</p> <p>The company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the company's auditors.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Adopted
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
	<b>Recommendation</b>	<b>Celsius Resources Limited Current Practice</b>
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>And disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Not Adopted</p> <p>The company does not currently have a Risk Committee. The role of the risk committee is undertaken by the whole board. The Board follows the Audit and Risk Committee Charter and the Risk Management plan as contained within the Corporate Governance Plan document as published on the company's website <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a></p> <p>Within the "Disclosure – Risk Management" section of the Corporate Governance Plan, the company undertakes regular risk management reviews.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p>	<p>Adopted.</p> <p>The Board reviews risk on a regular basis with following policies and procedures forming part of the company's Risk Management Framework:</p>

	(b) disclose, in relation to each reporting period, whether such a review has taken place.	<ul style="list-style-type: none"> <li>• Audit and Risk Committee Charter</li> <li>• Disclosure – Risk Management, as in Schedule 8 in the Corporate Governance document.</li> </ul> <p>A review has not taken place in the reporting period.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Not Adopted</p> <p>The company does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis.</p> <p>Internal controls are reviewed on an annual basis.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>Not Adopted.</p> <p>The company does not have a sustainability policy. However the company does have the following policies:</p> <ul style="list-style-type: none"> <li>- Occupational Health and Safety Policy</li> <li>- Community Engagement Policy</li> <li>- Environmental Policy</li> </ul> <p>As available on the company’s website, which does address some of these sustainability issues.</p>
-		
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
	<b>Recommendation</b>	<b>Celsius Resources Limited Current Practice</b>
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Not Adopted.</p> <p>The company does not have a Remuneration Committee.</p> <p>The role of the remuneration committee is currently undertaken by the full board. The company has adopted a Remuneration Committee Charter which is contained within the company’s Corporate Governance Plan document and published on the company’s website <a href="http://www.celsiusresources.com.au/profile/corporate-governance/">http://www.celsiusresources.com.au/profile/corporate-governance/</a> The Board follows the Remuneration Committee Charter which provides for dealing with board remuneration issues.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>Adopted.</p> <p>This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Not Applicable

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**



	Notes	Consolidated	
		2018 \$	2017 \$
Revenue	3	75,506	6,743
Directors' and employee benefits expense		(146,129)	(70,021)
Share based payment	13	(1,015,006)	(116,600)
Legal and other professional fees		(225,348)	(233,063)
Finance costs		-	(22,860)
Travel and accommodation		(193,706)	(1,965)
Loss on sale of tenement		(193,454)	-
Provision for rehabilitation expense		(232,753)	-
Other expenses	4	(859,898)	(344,056)
<b>Loss before income tax</b>		<b>(2,790,788)</b>	<b>(781,822)</b>
Income tax expense	5	-	-
<b>Loss for the year</b>		<b>(2,790,788)</b>	<b>(781,822)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to operating result</i>			
Exchange differences on translating foreign controlled entities		(173,558)	-
Other comprehensive income for the year		<b>(173,558)</b>	-
Total comprehensive loss for the year		<b>(2,964,346)</b>	<b>(781,822)</b>
Total comprehensive loss attributable to:			
Members of parent entity		(2,962,118)	(781,822)
Non-controlling interest		(2,228)	-
		<b>(2,964,346)</b>	<b>(781,822)</b>
<b>Earnings per share</b>			
			<b>Cents</b>
- Basic earnings per share	20	(0.49)	(0.40)
- Diluted earnings per share	20	(0.49)	(0.40)

The accompanying notes form part of this financial report.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**



	Notes	Consolidated	
		2018	2017
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	12,393,058	3,856,237
Trade and other receivables		842,336	47,731
Other assets	7	690,985	-
<b>Total current assets</b>		<u>13,926,379</u>	<u>3,903,968</u>
<b>Non-current assets</b>			
Deferred exploration expenditure	8	9,168,756	1,519,172
<b>Total non-current assets</b>		<u>9,168,756</u>	<u>1,519,172</u>
<b>Total assets</b>		<u>23,095,135</u>	<u>5,423,140</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	544,178	77,550
<b>Total current liabilities</b>		<u>544,178</u>	<u>77,550</u>
<b>Non-current liabilities</b>			
Provisions	10	232,753	-
<b>Total non-current liabilities</b>		<u>232,753</u>	<u>-</u>
<b>Total liabilities</b>		<u>776,931</u>	<u>77,550</u>
<b>Net assets</b>		<u>22,318,204</u>	<u>5,345,590</u>
<b>EQUITY</b>			
Issued capital	11	54,402,892	35,472,171
Reserves	12	1,194,013	479,700
Accumulated losses		(33,394,841)	(30,606,281)
Equity attributable to the owners of Celsius Resources Limited		22,202,064	5,345,590
Non-Controlling Interest		116,140	-
<b>Total equity</b>		<u>22,318,204</u>	<u>5,345,590</u>

The accompanying notes form part of this financial report.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**



	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Option Reserve	Foreign Currency Translation Reserve	Non- Controlling Interest	Total
<b>Balance at 1 July 2016</b>	28,919,711	(30,578,704)	40,077	714,168	-	-	(904,748)
Loss for the year	-	(781,822)	-	-	-	-	(781,822)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive (loss) / income for the year</b>	-	(781,822)	-	-	-	-	(781,822)
<b>Transactions with owners, directly in equity</b>							
Issue of share capital	7,191,187	-	-	15,900	-	-	7,207,087
Capital raising costs	(638,727)	-	-	-	-	-	(638,727)
Share based payments	-	-	463,800	-	-	-	463,800
Expiration of options	-	754,245	(40,077)	(714,168)	-	-	-
<b>Balance at 30 June 2017</b>	<b>35,472,171</b>	<b>(30,606,281)</b>	<b>463,800</b>	<b>15,900</b>	<b>-</b>	<b>-</b>	<b>5,345,590</b>
<b>Balance at 1 July 2017</b>	35,472,171	(30,606,281)	463,800	15,900	-	-	5,345,590
Loss for the year	-	(2,788,560)	-	-	-	(2,228)	(2,790,788)
Other comprehensive income	-	-	-	-	(173,558)	-	(173,558)
<b>Total comprehensive (loss) / income for the year</b>	-	(2,788,560)	-	-	(173,558)	(2,228)	(2,964,346)
<b>Transactions with owners, directly in equity</b>							
Issue of capital	19,678,944	-	-	-	-	-	19,678,944
Capital raising costs	(1,445,428)	-	570,070	-	-	-	(875,358)
Share based payments	-	-	1,015,006	-	-	-	1,015,006
Exercise of options	697,205	-	(681,305)	(15,900)	-	-	-
Recognition of non-controlling interest	-	-	-	-	-	118,368	118,368
<b>Balance at 30 June 2018</b>	<b>54,402,892</b>	<b>(33,394,841)</b>	<b>1,367,571</b>	<b>-</b>	<b>(173,558)</b>	<b>116,140</b>	<b>22,318,204</b>

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**



	Notes	Consolidated	
		2018	2017
		\$	\$
<b>Cash flows from operating activities</b>			
Expenditure on mining interests		(7,134,424)	(1,058,122)
Payments to suppliers and employees		(1,479,600)	(556,909)
Interest received		75,506	6,743
<b>Net cash outflow from operating activities</b>	21	<u>(8,538,518)</u>	<u>(1,608,288)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		17,928,944	5,733,886
Payment of capital raising costs		(853,605)	(291,527)
<b>Net cash inflow from financing activities</b>		<u>17,075,339</u>	<u>5,442,359</u>
<b>Net increase in cash held</b>		8,536,821	3,834,071
Cash at the beginning of the financial year		<u>3,856,237</u>	<u>22,166</u>
<b>Cash at the end of the financial year</b>	6	<u><u>12,393,058</u></u>	<u><u>3,856,237</u></u>

The accompanying notes form part of this financial report.

These consolidated financial statements and notes represent those of Celsius Resources Limited and its controlled entities (the “consolidated entity” or “Group”). The separate financial statements of the parent entity, Celsius Resources Limited have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 28 September 2018 by the directors of the company.

## **1. Summary of significant accounting policies**

### **Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Corporations Act 2001, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. Except for cash flow information, these financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **a) Comparatives**

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

#### **b) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Celsius Resources Limited at the end of the reporting period. A controlled entity is any entity over which Celsius Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist where the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

#### **c) Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated financial statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

**1. Summary of significant accounting policies (continued)**

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

**d) Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

**2. Summary of significant accounting policies (continued)**

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**Tax consolidation**

Celsius Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the consolidated entity recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The consolidated entity notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 12 August 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the consolidated entity contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

**e) Trade receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

**f) Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

**1. Summary of significant accounting policies (continued)**

**g) Impairment of assets**

At the end of each reporting period, the consolidated entity assesses whether there is any indication that an asset is impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in the profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**h) 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 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 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.

**i) 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 consolidated entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

**j) Borrowings**

Loans and debentures are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

On issue of convertible notes, the fair value of the liability component, being the obligation to make future payments of principal and interest to noteholders, is calculated using a market interest rate for an equivalent non-convertible note. The residual amount, representing the fair value of the conversion option, is included in equity as other equity securities with no recognition of any change in the value of the option in subsequent periods. The liability is included in borrowings and carried on an amortised cost basis with interest on the notes recognised as borrowing costs on an effective yield basis until the liability is extinguished on conversion or maturity of the notes.

**1. Summary of significant accounting policies (continued)**

**k) Exploration and evaluation expenditure**

Exploration and evaluation expenditures are written off as incurred, except when such costs are expected to be recouped through successful development and exploitation, or sale, of an area of interest. In addition, exploration assets recognised on acquisition of an entity are carried forward provided that exploration and/or evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

The expenditure carried forward when recovery is expected represents an accumulation of direct net exploration and evaluation costs incurred by or on behalf of the consolidated entity and applicable indirect costs, in relation to separate areas of interest for which rights of tenure are current.

If it is established subsequently that economically recoverable reserves exist in a particular area of interest, resulting in the decision to develop a commercial mining operation, then in that year the accumulated expenditure attributable to that area, to the extent that it does not exceed the recoverable amount for the area concerned, will be transferred to mine development. As such it will be subsequently amortised against production from that area. Any excess of accumulated expenditure over recoverable amounts will be written off to the statement of profit or loss and other comprehensive income.

**l) 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.

**m) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with short periods to maturity and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**n) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

**o) Employee benefits**

***Equity-settled compensation***

The consolidated entity operates equity-settled share based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

**1. Summary of significant accounting policies (continued)**

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using an appropriate valuation model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**p) 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.

**q) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**r) Segment reporting**

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

**s) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the 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**

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

*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.



**1. Summary of significant accounting policies (continued)**

*Amortised cost* is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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 in profit or loss.

The consolidated entity 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, except for those which are not expected to mature within 12 months after the end of the reporting period (All other loans and receivables are classified as non-current assets).

ii. *Financial liabilities*

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

**Impairment**

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired.

**Financial guarantees**

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

**De-recognition**

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires 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 de-recognised where the related obligations are either 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.

**1. Summary of significant accounting policies (continued)**

**t) Critical accounting judgments, estimates and assumptions**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

*Exploration and evaluation expenditure*

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

*Share based payment transactions*

The consolidated entity 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 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.

**(u) New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity 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, revised or amending 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 consolidated entity.

**(v) New Accounting Standards and Interpretations not yet mandatory or early adopted**

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 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

**1. Summary of significant accounting policies (continued)**

*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 consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption will not have a material impact on the financial position and/or financial performance of the consolidated entity.

*AASB 15: Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption will not have a material impact on the financial position and/or financial performance of the consolidated entity.

**1. Summary of significant accounting policies (continued)**

*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 consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

**2. Segment information**

The consolidated entity operates within two geographical segments within mineral exploration and extraction being Australia and Namibia. The segment information provided to the chief operating decision maker is as follows:

<b>2018</b>	Exploration activities AUSTRALIA \$	Exploration Activities NAMIBIA \$	Consolidated \$
Segment revenue	69,238	6,268	75,506
Total revenue			<u>75,506</u>
Segment result before income tax	(2,751,046)	(39,742)	(2,790,788)
Profit before income tax			<u>(2,790,788)</u>
Segment assets	12,556,463	10,538,672	23,095,135
Total assets			<u>23,095,135</u>
Segment liabilities	511,483	265,448	776,931
Total Liabilities			<u>776,931</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2018 (continued)**



2017	Exploration activities AUSTRALIA \$	Exploration Activities NAMIBIA \$	Consolidated \$
Segment revenue	6,743	-	6,743
Total revenue			<u>6,743</u>
Segment result before income tax	(781,772)	(50)	(781,822)
Profit before income tax			<u>(781,822)</u>
Segment assets	4,207,531	1,215,609	5,423,140
Total assets			<u>5,423,140</u>
Segment liabilities	77,550	-	77,550
Total Liabilities			<u>77,550</u>

	Consolidated	
	2018	2017
	\$	\$
<b>3. Other income</b>		
Interest	75,506	6,743
	<u>75,506</u>	<u>6,743</u>

	Consolidated	
	2018	2017
	\$	\$
<b>4. Other expenses</b>		
Expenses, excluding finance costs, included in the Statement of Profit or Loss and Other Comprehensive Income classified by nature		
Marketing & Promotion	194,742	106,652
Consulting fees	217,566	23,000
Regulatory costs	169,963	140,033
Sundry expenses	277,627	74,371
	<u>859,898</u>	<u>344,056</u>

	Consolidated	
	2018	2017
	\$	\$
<b>5. Income tax expense</b>		
Loss before income tax expense	(2,790,788)	(781,822)
Tax at the Australian tax rate of 30% (2017: 27.5%)	837,236	(215,001)
Tax effect amounts which are not deductible in calculating taxable income	549,269	60,407
Deferred tax assets not brought to account	287,967	154,594
Income tax expense	<u>-</u>	<u>-</u>
Tax benefit not recognised – opening balance	25,424,298	26,320,497
Reduction in opening deferred taxes resulting from reduction in tax rate	2,311,300	(263,205)
	27,735,598	26,057,292
Tax benefit not recognised – current year	608,613	(632,994)
Tax benefit at 30% not recognised (2017: 27.5%)	<u>28,344,211</u>	<u>25,424,298</u>

The deferred tax asset attributable to carried forward income tax losses and temporary differences has not been recognised as an asset as the company has not commenced trading and the availability of future profits to recoup these losses is not considered probable at the date of this report.

**6. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	3,393,058	506,237
Short-term bank deposits	9,000,000	3,350,000
	12,393,058	3,856,237

**7. Other assets**

Prepayment	690,985	-
	690,985	-

Included in the prepayment are balances for Gecko Exploration (Pty) Ltd for prepaid exploration costs of \$98,619 (2017: nil) and Gecko Drilling & Blasting (Pty) Ltd for prepaid drilling costs of \$591,716 (2017: nil) who are related parties of the company.

**8. Deferred exploration expenditure**

Expenditure brought forward	1,519,172	163,757
Expenditure acquired during the year	4,250,000	277,778
Expenditure incurred during the year	3,399,584	1,077,637
Expenditure carried forward	9,168,756	1,519,172

On 29 July 2017 the company acquired a 30% interest in the Opuwo Cobalt Project, through its wholly owned subsidiary Opuwo Cobalt Pty Ltd ('OPU'), by acquiring 30% of the shares on issue in Gecko Cobalt Holdings (Pty) Ltd ('GCH'), which in turn holds 100% of the shares on issue in Gecko Cobalt Mining (Pty) Ltd ('GCM'). GCM holds the original Opuwo exploration licence and the acquisition included a further three new exploration licences surrounding the original Opuwo licence held. The acquisition was completed upon the confirmation that AUD\$500,000 had been spent by the company on the Opuwo Cobalt Project.

On 13 September 2017 as consideration for acquiring a further 65% of GCH the company issued 43,750,000 fully paid ordinary shares at an issue price of \$0.04 each at an aggregate value of \$1,750,000. An additional AUD\$2,000,000 of farm-in expenditure by the company on the Opuwo Cobalt Project up to this acquisition date was included in the cost of the acquisition.

Management has determined that the acquisition of 95% interest GCH does not meet the definition of a business within AASB 3 Business Combinations.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of the mineral resource.

**9. Trade and other payables**

Trade creditors	447,464	54,950
Accrued expenses	96,714	22,600
	544,178	77,550

**10. Provisions**

	Consolidated	
	2018	2017
	\$	\$
Provision for rehabilitation	232,753	-
	232,753	-

The consolidated entity, through its wholly owned subsidiary, View Nickel Pty Ltd, has 30% joint venture interest in the Carnilya Hill Joint Venture. The Carnilya Hill Joint Venture is subject to potential cost in respect to the rehabilitation of the mine. Accordingly, through its joint venture interest, the consolidated entity has provided for its share of the estimated amount of the total rehabilitation. The rehabilitation provision is triggered either when the JV decides to complete the full rehabilitation, when the Department of Mines and Petroleum mandates the JV must complete the full rehabilitation or when the tenements are relinquished. None of these events are expected to occur in the near future.

**11. Issued Capital**

Ordinary shares – fully paid	58,279,324	37,903,175
Capital raising costs	(3,876,432)	(2,431,004)
	54,402,892	35,472,171

**a) Ordinary Shares**

Date	2018	2017	Issue price \$	2018	2017
	No. of shares	No. of shares		\$	\$
At the beginning of the reporting period:	459,316,544	1,614,034		35,472,171	28,919,711
Shares issued during the year					
– 14 December 2016	-	278,346,629	0.01	-	2,783,467
– 30 January 2017	-	4,500,000	0.01	-	45,000
– 31 January 2017	-	4,500,000	0.01	-	45,000
– 1 February 2017	-	5,300,000	0.01	-	53,000
– 9 February 2017	-	10,370,621	0.01	-	103,706
– 14 February 2017	-	6,682,808	0.01	-	66,828
– 14 February 2017	-	1,800,000	0.03	-	54,000
– 16 February 2017	-	3,833,332	0.01	-	38,333
– 17 February 2017	-	840,000	0.01	-	8,400
– 20 February 2017	-	1,115,000	0.01	-	11,150
– 27 February 2017	-	630,000	0.01	-	6,300
– 28 February 2017	-	800,000	0.01	-	8,000
– 1 March 2017	-	500,000	0.01	-	5,000
– 2 March 2017	-	5,175,000	0.01	-	51,750
– 3 March 2017	-	1,500,000	0.01	-	15,000
– 6 March 2017	-	27,777,773	0.01	-	277,778
– 7 April 2017	-	1,000,000	0.01	-	10,000
– 27 April 2017	-	1,836,667	0.01	-	18,367
– 18 May 2017	-	94,594,600	0.037	-	3,500,000
– 18 May 2017	-	80	0.10	-	8
– 19 May 2017	-	3,900,000	0.01	-	39,000
– 20 June 2017	-	750,000	0.01	-	7,500
– 23 June 2017	-	1,950,000	0.01	-	19,500
– 25 August 2017	300,000	-	0.01	3,000	-
– 29 August 2017	430,000	-	0.01	4,300	-
– 13 September 2017	500,000	-	0.01	5,000	-
– 13 September 2017	43,750,000	-	0.04	1,750,000	-
– 20 October 2017	1,000,000	-	0.01	10,000	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2018 (continued)**



-	1 November 2017	1,500,000	-	0.01	15,000	-
-	2 November 2017	71,636,636	-	0.055	3,940,015	-
-	6 November 2017	1,496,913	-	0.01	14,969	-
-	20 November 2017	325,592	-	0.01	3,256	-
-	28 November 2017	1,216,667	-	0.01	12,167	-
-	4 December 2017	2,000,000	-	0.05	100,000	-
-	8 December 2017	1,490,764	-	0.01	14,908	-
-	15 December 2017	1,964,000	-	0.01	19,640	-
-	21 December 2017	1,400,000	-	0.01	14,000	-
-	5 January 2018	820,000	-	0.01	8,200	-
-	12 January 2018	2,624,250	-	0.01	26,243	-
-	29 January 2018	48,600	-	0.01	486	-
-	6 February 2018	210,277	-	0.01	2,103	-
-	21 February 2018	56,000	-	0.01	560	-
-	21 March 2018	300,000	-	0.01	3,000	-
-	29 March 2018	5,861,353	-	0.01	58,614	-
-	16 April 2018	688,008	-	0.01	6,880	-
-	16 April 2018	1,000,000	-	0.05	50,000	-
-	16 April 2018	2,000,000	-	0.075	150,000	-
-	17 April 2018	8,834,208	-	0.01	88,342	-
-	20 April 2018	710,357	-	0.01	7,104	-
-	27 April 2018	3,106,425	-	0.01	31,064	-
-	2 May 2018	10,282,222	-	0.01	1,690,228	-
-	4 May 2018	414,925	-	0.01	4,149	-
-	4 May 2018	2,000,000	-	0.05	100,000	-
-	11 May 2018	48,650,054	-	0.185	9,000,260	-
-	15 May 2018	2,000,000	-	0.05	100,000	-
-	15 May 2018	1,156,500	-	0.01	11,565	-
-	22 May 2018	8,000,000	-	0.05	400,000	-
-	22 May 2018	393,598	-	0.01	3,936	-
-	31 May 2018	8,000,000	-	0.075	600,000	-
-	31 May 2018	152,098	-	0.01	1,521	-
-	1 June 2018	16,216,284	-	0.185	3,000,000	-
-	14 June 2018	690,200	-	0.01	6,902	-
-	18 June 2018	400,000	-	0.01	4,000	-
-	28 June 2018	493,900	-	0.01	4,939	-
	Options exercised	-	-	-	604,282	24,100
	Capital raising costs	-	-	-	(1,445,428)	(638,727)
	At the end of the reporting period	713,436,375	459,316,544		55,897,376	35,472,171

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company 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.

**b) Capital Management**

The objectives of management when managing capital is to safeguard the consolidated entity's ability to continue as a going concern, so that the consolidated entity may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the consolidated entity's activities, being mineral exploration, the consolidated entity does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the consolidated entity's capital risk management is the current working capital position against the requirements of the consolidated entity to meet exploration programmes and corporate overheads. The consolidated entity's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the consolidated entity at 30 June 2018 and 2017 is as follows:



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2018 (continued)**



	2018	2017
	\$	\$
Cash and cash equivalents	12,393,058	3,856,237
Trade and other receivables	842,336	47,731
Trade and other payables	(544,178)	(77,550)
Working capital position	<u>12,691,216</u>	<u>3,826,418</u>

**12. Reserves**

	Consolidated	
	2018	2017
	\$	\$
Option reserve	-	15,900
Share based payment reserve	1,367,571	463,800
Foreign currency translation	(173,558)	-
	<u>1,194,013</u>	<u>479,700</u>
<i>Movements</i>		
<b>Option reserve</b>		
Balance 1 July	15,900	714,168
Transfer to accumulated losses	-	(714,168)
Issue of options	-	40,000
Exercise of options	(15,900)	(24,100)
Balance 30 June	<u>-</u>	<u>15,900</u>

The option reserve was used for options that were issued at an issue price of \$0.0001. All these options have now been exercised or sold, hence the nil balance of the option reserve.

**Share based payments reserve**

Balance 1 July	463,800	40,077
Transfer to accumulated losses	-	(40,077)
Exercise of options	(681,305)	-
Issue of options for services	1,015,006	116,600
Issue of options for capital raising activities	570,070	347,200
Balance 30 June	<u>1,367,571</u>	<u>463,800</u>

The share based payment reserve was used for share based payment expenses which include payments for capital raising and other services, and employee remuneration and incentives.

**Foreign currency translation reserve**

Balance 1 July	-	-
Translation of foreign entity	(173,558)	-
Balance 30 June	<u>(173,558)</u>	<u>-</u>

i. A summary of the movements of all company options issues is as follows:

	Number	Weighted average exercise price
<b>Options outstanding as at 30 June 2016</b>	-	-
Issued	169,929,792	\$0.0169
Exercised	(55,183,428)	\$0.01
<b>Options exercisable as at 30 June 2017</b>	114,746,364	\$0.0137
Issued	52,500,000	\$0.105
Exercised	(73,866,857)	\$0.027
<b>Options exercisable as at 30 June 2018</b>	<u>93,379,507</u>	<u>\$0.069</u>

48,866,857 listed options with an exercise price of \$0.01 were exercised during the financial year (2017: 55,183,428).

There were 26,000,000 unlisted options granted to employees during the year (2017: Nil). Refer to Note 13 for valuation details.

There were no shares issued to directors during the year which related to remuneration of the prior financial year (2017: nil).

Set out below are the options exercisable at the end of the financial year:

<b>Grant date</b>	<b>Expiry date</b>	<b>2018 Number</b>	<b>2017 Number</b>
14 December 2016	30 December 2018	43,879,507	92,746,364
18 May 2017	18 May 2020	3,000,000	16,000,000
19 May 2017	19 May 2020	6,000,000	6,000,000
27 July 2017	18 August 2020	16,000,000	-
4 January 2018	5 January 2021	2,500,000	-
27 October 2017	12 January 2021	6,000,000	-
8 December 2017	8 December 2020	6,000,000	-
29 January 2018	6 February 2020	2,000,000	-
12 April 2018	16 April 2020	2,000,000	-
12 April 2018	16 April 2021	6,000,000	-
		<b>93,379,507</b>	<b>114,746,364</b>

### 13. Share based payment transactions

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Recognised in profit or loss and other comprehensive income – share based payment	1,015,006	116,600
Recognised in equity – share issue costs	570,070	347,200
Total value of options expensed during the financial year	<b>1,585,076</b>	<b>463,800</b>
Fair value yet to vest	320,635	-
Total fair value of options issued during the financial year	<b>1,905,711</b>	<b>463,800</b>
Key management remuneration expense	439,223	-
Consultants	1,145,853	463,800
Total share based payments in the financial statements	<b>1,585,076</b>	<b>463,800</b>

The value disclosed in share-based payment expense is the portion of the fair value of the options recognised as expense in each reporting period in accordance with the requirement of AASB 2. Remaining amount will be recognised in future reporting periods over the vesting period.

For the options issued during the current financial year a Black Scholes option pricing model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

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Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Number of Options	Value per Option	Total Value	Note
		\$	\$	%	%	#	\$	\$	
27/07/2017	18/08/2020	0.036	0.050	108.15	-	18,000,000	0.0217	390,403	1
04/01/2017	05/01/2021	0.120	0.175	103.85	-	1,000,000	0.0686	68,639	
04/01/2017	05/01/2021	0.120	0.225	103.85	-	1,500,000	0.0627	94,091	
27/10/2017	12/01/2021	0.061	0.075	96.46	-	16,000,000	0.0356	570,070	
8/12/2017	8/12/2020	0.14	0.175	101.42	-	400,000	0.0824	30,158	3
8/12/2017	8/12/2020	0.14	0.175	101.42	-	1,600,000	0.0824	-	3
8/12/2017	8/12/2020	0.14	0.205	101.42	-	400,000	0.078	32,948	3
8/12/2017	8/12/2020	0.14	0.205	101.42	-	1,600,000	0.078	-	3
8/12/2017	8/12/2020	0.14	0.225	101.42	-	400,000	0.0754	31,201	3
8/12/2017	8/12/2020	0.14	0.225	101.42	-	1,600,000	0.0754	-	3
29/01/2018	06/02/2020	0.120	0.175	102.68	-	2,000,000	0.0544	108,734	2
20/03/2018	16/04/2021	0.115	0.175	104.39	-	6,000,000	0.0663	397,506	2
12/04/2018	16/04/2020	0.160	0.130	103.37	-	1,000,000	0.0948	94,768	
12/04/2018	16/04/2020	0.160	0.160	103.37	-	1,000,000	0.0872	87,193	
						<u>52,500,000</u>		<u>1,905,711</u>	

**Note 1:**

The Options shall vest and are exercisable at any time on and from:

- (i) the delineation by the company of a JORC compliant mineral resource of a minimum of 10MT @ a minimum of 1% Copper (Cu) equivalent at the company's Opuwo Cobalt Project;
- (ii) the completion by the company of a positive scoping study of the Company's Opuwo Cobalt Project, leading to the commencement of a pre-feasibility study; and
- (iii) the completion by the company of a positive pre-feasibility study of the company's Opuwo Cobalt Project, leading to the commencement of a definitive feasibility study or decision to mine.

**Note 2:**

The Options shall vest and are exercisable at any time on and from:

- (i) 50% upon the decision to proceed to a pre-feasibility study upon completion of a scoping study; and
- (ii) 50% upon the decision to proceed to a definitive feasibility study upon completion of a pre-feasibility study.

**Note 3:**

Of the total number of options issued, 20% has been issued with no conditions and were recognised as a share-based payment expense immediately based on the fair value at grant date. No share-based payment expense was recognised in relation to the remaining 80% as they have been granted subject to the execution of a binding transaction or event. The measurement date at which the remaining fair value of the options granted will be measured is the point the goods or service is delivered (if any), being the date of the binding transaction or event.

**14. Interests of Key Management Personnel ("KMP")**

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 2018.

The total remuneration paid to KMP of the company and the group during the year are as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	439,492	163,990
Post-employment benefits	-	-
Share based payments	439,223	-
	<u>878,715</u>	<u>163,990</u>

**15. Related parties**

**a) Parent entity**

The parent entity is Celsius Resources Limited.

**b) Controlled entities**

Interests in controlled entities are set out in note 18.

**c) Key management personnel**

Disclosures relating to key management personnel are set out in note 14 and the remuneration report included in the directors' report.

**d) Transactions and balances with related parties**

During the year, there were payments made to Consilium Corporate Advisory Pty Ltd (formerly Bentleys Corporate Advisory (WA) Pty Ltd) and Consilium Corporate Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments are for the provision of corporate secretarial and accounting services and amounted to \$119,197 (2017: \$94,095). Payments were also made to these companies for services provided as a director of the company and amounted to \$40,000 (2017: \$36,000).

During the year, there were payments made to Billandbry Consulting Pty Ltd, a company with which Mr Oliver, is a shareholder and director. The payments are for the provision of geological consulting services and amounted to \$30,750 (2017: \$32,150). Payments were also made to this company for services provided as a director of the company and amounted to \$42,600 (2017: \$36,000).

During the year, there were payments made to Borg Geoscience Pty Ltd, a company with which Mr Borg, is a shareholder and director. The payments are for the provision of Managing Director fees and amounted to \$304,892 (2017: \$58,990).

During the year, there were payments made to Stewardship Consulting (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments are for the provision of metallurgical consulting services and amounted to \$33,000 (2017: nil). Payments were also made to this company for services provided as a director of the company and amounted to \$52,000 (2017: nil).

During the year, there were payments made to Gecko Mining (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for the hire of equipment and amounted to \$38,381 (2017: nil).

During the year, there were payments made to Gecko Namibia (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for the administrative costs and recovery of other expenses and amounted to \$45,064 (2017: nil).

During the year, there were payments to and receipts from Gecko Drilling & Blasting (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for drilling costs and amounted to \$4,354,666 (2017: nil). The receipts were for accommodation cost recoveries and amounted to \$175 (2017: nil).

During the year, there were payments to and receipts from Gecko Exploration (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for administrative and salary recovery costs and amounted to \$727,005 (2017: nil). The receipts were for VAT refund recoveries and amounted to \$27,141 (2017: nil).

During the year, there were payments to and receipts from Namibia Rare Earths (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for vehicle rent, consumables and equipment purchases and amounted to \$43,958 (2017: nil). The receipts were for exploration cost recoveries and amounted to \$33,550 (2017: nil).

There were no other transactions with related parties. All related party transactions are on normal commercial terms and conditions.

**e) Payables owing to related parties**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Billandbry Consulting Pty Ltd	6,000	10,400
Consilium Corporate Pty Ltd	16,338	12,182
Borg Geoscience Pty Ltd	30,000	26,667
Stewardship Consulting (Pty) Ltd	14,000	-
Gecko Drilling & Blasting (Pty) Ltd*	164,989	-
Gecko Exploration (Pty) Ltd*	5,803	-
Namibia Rare Earths (Pty) Ltd*	17,581	-
	<u>254,711</u>	<u>49,249</u>

\* These balances have been converted from Namibian dollars to Australian dollars.

**f) Receivables from related parties**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Gecko Drilling & Blasting (Pty) Ltd prepayment*	591,716	-
Gecko Exploration (Pty) Ltd prepayment*	98,619	-
	<u>690,335</u>	<u>-</u>

\* These balances have been converted from Namibian dollars to Australian dollars.

**16. Remuneration of auditors**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>RSM Australia Partners</i>		
Audit and review fees	43,000	27,500
Other – Independent Assurance Report	-	8,000
	<u>43,000</u>	<u>35,500</u>
<i>PricewaterhouseCoopers (Republic of Namibia)</i>		
Audit and review fees	24,299	-
Other – accounting and taxation services	4,736	-
	<u>29,035</u>	<u>-</u>

**17. Commitments for expenditure**

**(a) Tenement Expenditure Commitments:**

The company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in future financial periods. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations.

	2018	2017
	\$	\$
The company has tenement rental and expenditure commitments payable of:		
– not later than 12 months	423,807	1,610,801
– between 12 months and 5 years	-	250,000
	<u>423,807</u>	<u>1,860,801</u>

**(b) Capital commitments**

There are no capital commitments contracted for at balance date.

**18. Controlled entities**

Name of Entity	Country of Incorporation	Class of Shares	Percentage Owned (%)	
			2018	2017
Opuwo Cobalt Pty Ltd	Australia	Ordinary	100%	100%
View Nickel Pty Ltd	Australia	Ordinary	100%	100%
Gecko Cobalt Holdings (Pty) Ltd	Namibia	Ordinary	95%	-
Gecko Cobalt Mining (Pty) Ltd	Namibia	Ordinary	95%	-

*Summarised financial information*

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	2018	2017
	\$	\$
<i>Summarised statement of financial position</i>		
Current assets	1,617,494	-
Non-current assets	5,498,782	-
Total assets	<u>7,116,276</u>	-
Current liabilities	265,448	-
Non-current liabilities	4,528,030	-
Total liabilities	<u>4,793,478</u>	-
Net assets	<u><u>2,322,798</u></u>	<u><u>-</u></u>

	2018	2017
	\$	\$
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	6,268	-
Expenses	(50,822)	-
Profit before income tax expense	(44,554)	-
Income tax expense	-	-
Profit after income tax expense	(44,554)	-
Other comprehensive income	-	-
Total comprehensive income	(44,554)	-
<i>Statement of cash flows</i>		
Net cash from operating activities	(6,727,575)	-
Net cash used in investing activities	-	-
Net cash used in financing activities	6,897,159	-
Net increase in cash and cash equivalents	169,584	-

#### 19. Events after the reporting period

On 15 August 2018 the company changed its registered office and principal place of business to Level 2, 22 Mount Street, Perth WA 6000.

On 11 July, 2 August, 24 August, 12 September and 28 September 2018 the company issued 1,021,895, 936,719, 1,274,405, 246,760 and 500,000 fully paid ordinary shares respectively as a result of listed options being exercised.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity the results of those operations, or the state of affairs of the consolidated entity in future financial years.

#### 20. Earnings per share

	Consolidated	
	2018	2017
	\$	\$
a) Reconciliation of earnings to profit or loss:		
Loss	(2,788,560)	(781,822)
Loss used to calculate basic and diluted EPS	(2,788,560)	(781,822)
	<b>Number</b>	<b>Number</b>
b) Weighted average number of ordinary shares used as the denominator in calculating basic EPS	568,759,886	192,880,255
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	568,759,886	192,880,255
c) Anti-dilutive options on issue not used in dilutive EPS calculation	77,514,860	62,124,939

**21. Cash flow information**

**a) Reconciliation of loss after income tax to net cash outflow from operating activities**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(2,790,788)	(781,822)
Share based payment	1,015,006	116,600
Interest expense paid in shares	-	22,860
Payments to suppliers and employees in shares	-	564,347
Other	(55,192)	-
Change in operating assets and liabilities and net of effects from purchase of controlled entity:		
Trade debtors and receivables	(794,604)	27,174
Other assets	(690,985)	-
Deferred exploration expenditure	(5,899,584)	(1,355,415)
Trade and other creditors	444,876	(202,032)
Provisions	232,753	-
Net cash outflow from operating activities	<u>(8,538,518)</u>	<u>(1,608,288)</u>

**Non-cash investing activities**

On 13 September 2017 as consideration for acquiring a further 65% of the Opuwo Cobalt Project the company issued 43,750,000 fully paid ordinary shares at an issue price of \$0.04 each at an aggregate value of \$1,750,000.

**22. Parent entity disclosures**

**(a) Financial Position**

**Assets**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current Assets	12,294,903	3,902,017
Non-Current Assets	10,808,150	1,360,988
<b>Total Assets</b>	<u>23,103,053</u>	<u>5,263,005</u>

**Liabilities**

Current Liabilities	277,630	77,550
<b>Total Liabilities</b>	<u>277,630</u>	<u>77,550</u>

**Equity**

Issued capital	54,402,892	35,472,171
Reserves	1,367,570	479,700
Accumulated losses	(32,945,039)	(30,766,415)
<b>Total Equity</b>	<u>22,825,423</u>	<u>5,185,456</u>

**(b) Financial Performance**

Loss for the year	(2,178,623)	(781,703)
Other comprehensive income	-	-
<b>Total Comprehensive Loss</b>	<u>(2,178,623)</u>	<u>(781,703)</u>

**(c) Contingent Liabilities of the Parent Entity**

There are no such contingencies.

**(d) Commitments of the Parent Entity**

Not later than 12 months	-	1,500,000
Between 12 months and 5 years	-	250,000
<b>Total</b>	<u>-</u>	<u>1,750,000</u>



**23. Financial Risk Management**

The consolidated entity's principal financial instruments comprise cash and short-term deposits. The consolidated entity has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The consolidated entity's activities expose it to a variety of financial risks, including, credit risk, liquidity risk, foreign exchange rate risk and cash flow interest rate risk. The company is not exposed to price risk.

Risk management is carried out by the Board of Directors, who evaluates and agree upon risk management and objectives.

**(a) Market Risk**

Interest rate risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	<b>2018</b>					
	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2018 \$	2018 \$	2018 \$	2018 \$	2018 \$	2018 %
Financial Assets						
Cash	3,393,058	9,000,000	-	-	12,393,058	1.83%
Trade and other receivables	-	-	-	842,336	842,336	-
Total Financial Assets	3,393,058	9,000,000	-	842,336	13,235,394	
Financial Liabilities						
Trade and other payables	-	-	-	544,178	544,178	-
Total Financial Liabilities	-	-	-	544,178	544,178	

	<b>2017</b>					
	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2017 \$	2017 \$	2017 \$	2017 \$	2017 \$	2017 %
Financial Assets						
Cash	506,237	3,350,000	-	-	3,856,237	0.54%
Trade and other receivables	-	-	-	47,731	47,731	-
Total Financial Assets	506,237	3,350,000	-	47,731	3,903,968	
Financial Liabilities						
Trade and other payables	-	-	-	77,550	77,550	-
Total Financial Liabilities	-	-	-	77,550	77,550	

The consolidated entity policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The consolidated entity does not have any receivables or payables that may be affected by interest rate risk.

*Sensitivity analysis*

At 30 June 2018, if interest rates had changed by +/-100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the consolidated entity and the parent entity would have been \$37,848 (2017: \$12,477) lower/higher as a result of lower/higher interest income from cash and cash equivalents. Management have deemed a movement of 100 basis points to be an appropriate measure for this sensitivity analysis.

**(b) Credit risk**

The consolidated entity does not have any significant concentrations of credit risk. Credit risk is managed by the Board of Directors and arises from cash and cash equivalents as well as credit exposure including outstanding receivables.

All cash balances held in Australia are held at internationally recognised institutions

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets - counterparties without external credit rating</b>		
Financial assets with no defaults in the past	842,336	47,731
	<hr/>	<hr/>
<b>Cash and cash equivalents</b>		
'AA' S&P rating	12,393,058	3,856,237
	<hr/>	<hr/>

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The consolidated entity's exposure to the risk of changes in market interest rates relate primarily to cash assets.

The directors monitor the cash-burn rate of the consolidated on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the consolidated entity had at reporting date were other payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.

*Maturity analysis for financial liabilities*

Financial liabilities of the consolidated entity comprise trade and other payables. As at 30 June 2018 and 30 June 2017 all financial liabilities are contractually maturing within 60 days.

**(d) Foreign currency risk**

Foreign exchange risks arise when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency.

As at 30 June 2018, the consolidated entity does not currently hold any funds in foreign currency bank accounts so the foreign currency risk is minimal.

**(e) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the consolidated entity at the reporting date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the current bid price. At reporting date the consolidated entity had no such financial assets.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

**24. Contingent Assets and Liabilities**

The consolidated entity had no contingent assets or liabilities as at 30 June 2018 and 30 June 2017.

**25. Company Details**

*The registered office and principal place of business is:*

Level 2, 22 Mount Street

Perth WA 6000

Telephone: 08 6188 8181

Facsimile: 08 6188 8182

Email: [info@celsiusresources.com.au](mailto:info@celsiusresources.com.au)

## DIRECTORS' DECLARATION

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In the directors' opinion:

- 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;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as stated in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company 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.

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



Brendan Borg  
Managing Director

Date: 28 September 2018  
Perth



**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Celsius 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

*A Whyte*

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 28 September 2018

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELSIUS RESOURCES LIMITED**

### **Opinion**

We have audited the financial report of Celsius Resources Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 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 Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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## 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.

Key audit matter	How our audit addressed this matter
<p><b>Acquisition of Gecko Cobalt Holdings (Pty) Ltd</b> Refer to Note 8 in the financial statements</p>	
<p>During the year, the Group acquired a 95% interest in the Opuwo Cobalt Project by acquiring 95% of the shares on issue in Gecko Cobalt Holdings (Pty) Ltd ('GCH')</p> <p>Management has determined the acquiree did not meet the definition of a business under <i>AASB 3 Business Combinations</i> as at the date of the transaction.</p> <p>We identified the acquisition of GCH as a key audit matter as it is a significant transaction that occurred during the period and the judgement involved in determining whether the acquiree met the definition of a business under <i>AASB 3 Business Combinations</i>.</p>	<p>Our audit procedures in relation to the acquisition of the GCH included:</p> <ul style="list-style-type: none"> <li>▪ Reviewing the acquisition agreements to understand the transaction and the related accounting considerations;</li> <li>▪ Critically evaluating management's determination that Celsius Resources Limited was the acquiring entity and that the acquired entity did not meet the definition of a business;</li> <li>▪ Evaluating the timing and appropriateness of the accounting treatment and the consideration of the acquisition based on the agreement; and</li> <li>▪ Assessing the compliance of the financial presentation and disclosures with the requirements of Australian Accounting Standards.</li> </ul>
<p><b>Carrying Value of Deferred Exploration Expenditure</b> Refer to Note 8 in the financial statements</p>	
<p>The Group has capitalised exploration and evaluation expenditure, with a carrying value of \$9,168,756 as at 30 June 2018.</p> <p>We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:</p> <ul style="list-style-type: none"> <li>▪ Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;</li> <li>▪ Assessing whether any indicators of impairment are present; and</li> <li>▪ Determination of whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be determined.</li> </ul>	<p>Our audit procedures in relation to the carrying value of the exploration and evaluation asset included:</p> <ul style="list-style-type: none"> <li>▪ Obtaining evidence that the Group has valid rights to explore in the specific area;</li> <li>▪ Enquiring with and assessing management's basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exists;</li> <li>▪ Enquiring with management and reviewing budgets and plans to test that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific area; and</li> <li>▪ Reviewing minutes of director meetings and ASX announcements to ensure that the Group had not resolved to discontinue activities in the specific area.</li> </ul>

Key audit matter	How our audit addressed this matter
<p><b>Share based payments</b></p> <p>Refer to Note 13 in the financial statements</p>	
<p>During the year, the Company provided benefits to key management personal, employees and suppliers in the form of share-based payments by granting 52,500,000 options.</p> <p>Management have accounted for these arrangements in accordance with <i>AASB 2 Share-based Payment</i> and used a Black Scholes option pricing model to value the options issued during the year. Management has also applied judgements when assessing the probability that performance conditions will be achieved and period over which options may vest.</p> <p>We determined this to be a key audit matter due to the significant judgements involved in assessing the fair value of the share-based payments issued during the year.</p>	<p>Our audit procedures in relation to the share-based payment included:</p> <ul style="list-style-type: none"> <li>▪ Reviewing the key terms and conditions of the share-based payments arrangements;</li> <li>▪ Obtaining the valuation models prepared by management and assessed whether the models was appropriate for valuing the options granted during the year;</li> <li>▪ Challenging the reasonableness of key assumptions used by management relative to the valuation on grant date including the probabilities of the performance conditions being met and the timing that vesting conditions will be achieved; and</li> <li>• Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.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 in within the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Celsius Resources Limited, for the year ended 30 June 2018, 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.

Perth, WA  
Dated: 28 September 2018

**RSM**  
RSM AUSTRALIA PARTNERS

*A Whyte*  
ALASDAIR WHYTE  
Partner

## ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 19 September 2018.

### (a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	269	7,455	0.00%
1,001 – 5,000	257	1,023,972	0.14%
5,001 – 10,000	342	2,796,004	0.39%
10,001 – 100,000	1,536	66,175,954	9.23%
100,001 – 9,999,999,999	852	646,912,769	90.24%
<b>Total</b>	<b>3,256</b>	<b>716,916,154</b>	<b>100.00%</b>

### Unmarketable Parcels

Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.13 per unit	3,847	359
		263,645

### (b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

Rank	Name	Units	% of Units
1	CITICORP NOMINEES PTY LIMITED	37,364,071	5.21%
2	GECKO NAMIBIA (PTY) LTD	36,750,000	5.13%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	35,085,681	4.89%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,571,419	4.12%
5	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	22,217,882	3.10%
6	MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG <BORG FAMILY SUPER A/C>	22,000,000	3.07%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	19,150,304	2.67%
8	FEATHERBED AUSTRALIA PTY LTD <FEATHERBED AUST FAMILY A/C>	15,195,947	2.12%
9	PHEAKES PTY LTD <SENATE A/C>	13,500,000	1.88%
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	12,278,631	1.71%
11	MR ABDUL NASER SIDDIQUI	12,100,000	1.69%
12	MR ANDREW GRAHAM PALLESON & MRS HUI PALLESON <PALLESON SUPERFUND A/C>	10,256,533	1.43%
13	MR COLIN MACKAY	8,300,000	1.16%
14	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	7,600,140	1.06%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	6,500,000	0.91%
16	GOLDEN DAWN LIMITED	5,277,777	0.74%
17	BNP PARIBAS NOMS PTY LTD <DRP>	4,510,674	0.63%
18	KJLA PTY LTD <LINGO FAMILY A/C>	4,462,935	0.62%
19	MR WARREN JOHN QUINN	4,327,885	0.60%
20	IJG NOMINEES PTY LTD	4,300,000	0.60%
	<b>Total</b>	<b>310,749,879</b>	<b>43.35%</b>
	<b>Total Issued Capital</b>	<b>716,916,154</b>	<b>100.00%</b>

### (c) Twenty largest optionholders

The names of the twenty largest holders of quoted options are:

Rank	Name	Units	% of Units
1	MR PAUL VENDA DIVIN	3,506,637	8.68%
2	PHEAKES PTY LTD <SENATE A/C>	3,000,000	7.43%
3	MR DEREK DECLAN BRUTON	2,001,000	4.95%
4	MR ANTHONY DELOITTE DAVIS & MS PHYLLIS JANE POLKINGHORNE <DAVIS POLKINGHORNE RF A/C>	2,000,000	4.95%
5	MR TZE HAO TEO	1,939,876	4.80%
6	MR CLIFTON DOUGLAS WORTHING & MRS HEATHER SIMONE WORTHING	1,512,850	3.74%
7	ATKINS SUPERANNUATION FUND PTY LTD <ATKINS SUPER FUND A/C>	1,500,000	3.71%

## ADDITIONAL INFORMATION

8	MR ROBERT DAVID LURIE <THE RDL A/C>	1,355,000	3.35%
9	JEKOR PTY LTD <JEKOR S/F A/C>	1,322,100	3.27%
10	MR STEVEN JAMES FARRELL	1,200,000	2.97%
11	KOJEN PTY LTD <KORSINCZKY FAMILY A/C>	1,099,500	2.72%
12	MR GAVIN VICTOR HAYRES & MS AMANDA YIP <THE PROPHET TREE A/C>	950,000	2.35%
13	PARADISIUM PTY LTD	890,000	2.20%
14	POLKINGHORNE & CO PTY LTD <BJP FAMILY A/C>	870,000	2.15%
15	MR CHRISTOPHER PATRICK ROSARIO	860,000	2.13%
16	ATKINS SUPERANNUATION FUND PTY LTD <ATKINS SUPER A/C>	800,000	1.98%
17	ADCOT PTY LTD <THE ADCOT SUPER FUND A/C>	700,000	1.73%
18	SAYERS INVESTMENTS (ACT) PTY LTD <SAYERS SUPER FUND A/C>	600,000	1.49%
18	MR JOHN MARTIN HEUSER & MS VICTORIA MARGARET GILLAM	600,000	1.49%
19	BELVEDERE MANAGEMENT QLD PTY LTD <A COMPANY T/C A/C>	591,843	1.47%
20	MR MICHAEL TRIKILIS & MRS LEAH TRIKILIS <TRIKILIS SUPER A/C>	584,000	1.45%
<b>Total</b>		<b>27,882,806</b>	<b>69.02%</b>
<b>Total Issued Capital</b>		<b>40,399,728</b>	<b>100.00%</b>

### (d) Substantial shareholders

Name	Units	%
GECKO NAMIBIA (PTY) LTD	41,050,000	5.73%

### (e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

### (f) Unlisted Options

The following options are on issue:

- 3,000,000 unlisted options with an exercise price of \$0.05 expiring 18 May 2020
- 2,000,000 unlisted options with an exercise price of \$0.075 expiring 19 May 2020
- 2,000,000 unlisted options with an exercise price of \$0.10 expiring 19 May 2020
- 2,000,000 unlisted options with an exercise price of \$0.125 expiring 19 May 2020
- 16,000,000 unlisted options with an exercise price of \$0.05 expiring 18 August 2020
- 1,000,000 unlisted options with an exercise price of \$0.175 expiring 5 January 2021
- 1,500,000 unlisted options with an exercise price of \$0.225 expiring 5 January 2021
- 6,000,000 unlisted options with an exercise price of \$0.075 expiring 12 January 2021
- 2,000,000 unlisted options with an exercise price of \$0.175 expiring 8 December 2020
- 2,000,000 unlisted options with an exercise price of \$0.205 expiring 8 December 2020
- 2,000,000 unlisted options with an exercise price of \$0.225 expiring 8 December 2020
- 2,000,000 unlisted options with an exercise price of \$0.175 expiring 6 February 2020
- 1,000,000 unlisted options with an exercise price of \$0.13 expiring 16 April 2020
- 1,000,000 unlisted options with an exercise price of \$0.16 expiring 16 April 2020
- 6,000,000 unlisted options with an exercise price of \$0.175 expiring 16 April 2021

### (g) Schedule of interest in mining tenements

Location	Tenement	Percentage held / earning
Namibia	EL 4346	95%
Namibia	EL 4350	95%
Namibia	EL 4351	95%
Namibia	EL 4540	95%
Eastern Goldfields, WA	E39/1684	100%
Carnilya Hill, WA	L26/0241	30%
Carnilya Hill, WA	M26/0047	30%
Carnilya Hill, WA	M26/0048	30%
Carnilya Hill, WA	M26/0049	30%
Carnilya Hill, WA	M26/0453	30%