# CELSIUS RESOURCES LTD

**ANNUAL REPORT**

**2019**

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### DIRECTORS

| | |
|---|---|
| Mr William Oliver | Non-Executive Chairman |
| Mr Brendan Borg | Non-Executive Director |
| Mr Pine van Wyk | Non-Executive Director |

### COMPANY SECRETARY

Melanie Ross

### REGISTERED OFFICE & CONTACTS

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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 2019.

## 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.

| NAME OF PERSON | POSITION |
|---|---|
| Mr William Oliver | Non-Executive Chairman |
| Mr Pine van Wyk | Non-Executive Director |
| Mr Brendan Borg | Non-Executive Director |
| Mr Ranko Matic | Non-Executive Director (resigned 5 December 2018) |
| Mr Laurent Raskin | Non-Executive Director (appointed 5 December 2018, resigned 27 February 2019) |

## COMPANY SECRETARY

Ms Melanie Ross

## OPERATING RESULTS

The loss of the consolidated entity amounted to $979,676 (2018: $2,790,788) after providing for income tax.

## 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.

## 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 3 Exclusive Prospecting Licences covering approximately 1,106 $km^2$ (Figure 1). Active licences as at the date of this report are EPLs 4346, 4351 and 4550.

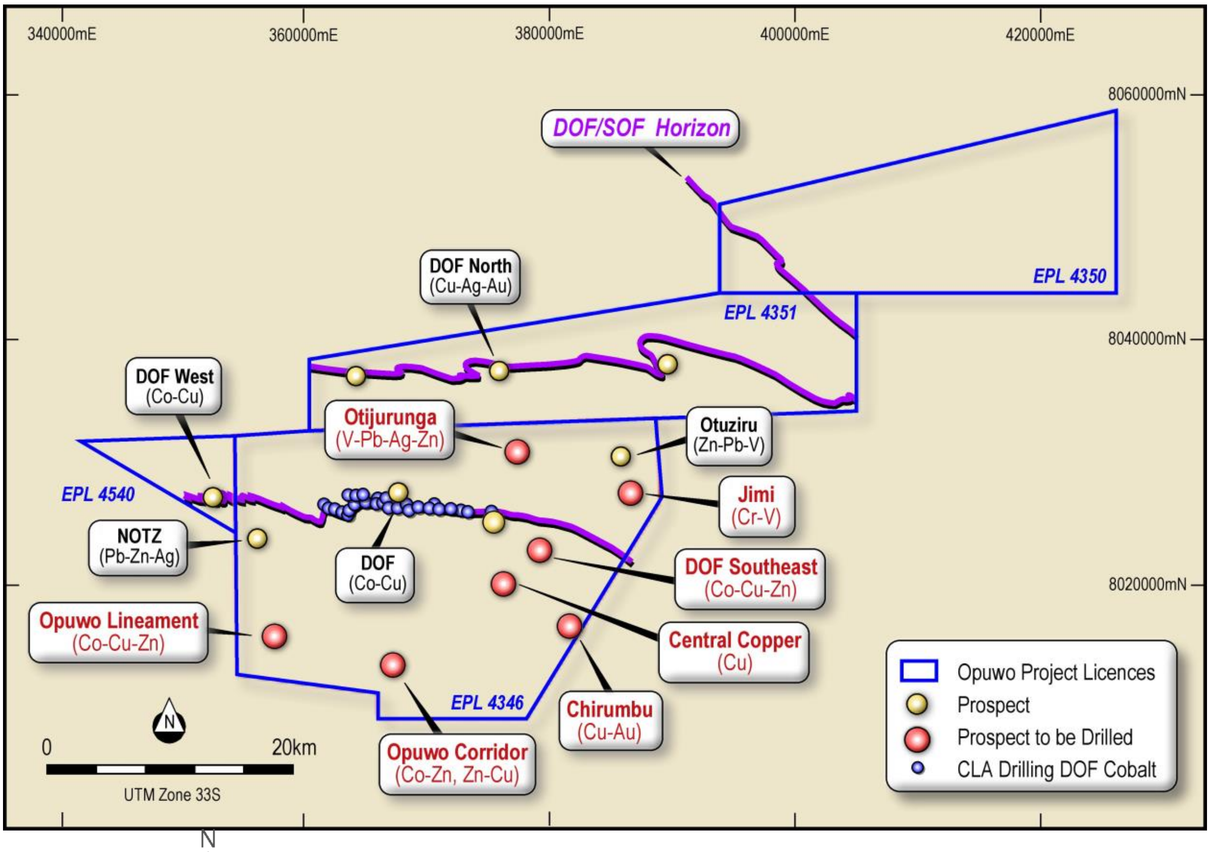


**Figure 1: Opuwo Licence and Prospect Map**

Celsius completed a Scoping Study on the Opuwo Cobalt Project in November 2018, with the following key outcomes:

- Confirmed potential for a large scale and long-life operation.
- Preliminary mine planning completed, examining various open pit and underground mining scenarios.
- Sulphide concentrate produced from standard flotation methods.
- Project to produce refined products including cobalt sulphate (or hydroxide/metal), copper metal and zinc sulphate by either autoclave or roasting methods, with the roasting method used as the base case for the purpose of completing the Scoping Study.
- No deleterious elements identified that would affect the saleability or price of products.
- Infrastructure components to leverage off existing regional infrastructure, including hydroelectric power and network of sealed roads.

During the early part of 2019, subsequent to the completion of the Scoping Study, the Company completed trade-off and optimisation studies including updated preliminary resource modelling to incorporate new drilling completed since the declaration of the maiden Mineral Resource, and metallurgical test work aimed at verifying assumptions made in the Scoping Study about recovery of the value metals from the Opuwo Project mineralisation using conventional sulphating roast techniques.

A positive economic outcome from the Scoping Study is highly dependent on both a robust cobalt price and successful results from the metallurgical test work. The initial results from the current metallurgical program demonstrated that further test work is required to optimise the process for recovery of the value metals (including cobalt) from the mineralisation, using the roasting flowsheet that was assumed in the Scoping Study. Further work is also required on the alternative processing flowsheet, autoclave leaching, to optimise power and reagent consumption, and therefore operating costs.

On March 1, 2019, the Company took the decision to significantly slow work on the evaluation of the Opuwo Project, until such time as the cobalt price improves markedly from current levels. Studies with long lead times, such as environmental studies as part of the Environmental Impact Assessment required for the PFS were continued, as was relatively low cost metallurgical process and mine planning work required to confirm the optimum mining and processing scenarios for the project.

***Metallurgical Testwork***

Subsequent to the reporting of the Scoping Study, metallurgical testwork continued at the project. Testwork was carried out on the following parts of the process:

- Flotation optimisation
- Roasting and extractive leaching

Flotation testwork focused on determining the optimum grind size required to maximise flotation of sulphide minerals. A limited set of reagents have been trialled and further trials are recommended to test the effect of reagents on improving flotation as well as different rougher kinetics. Review of flotation results has identified an irregularity between the chemical assays and mineralogical reports which needs to be understood before these results can be published.

Roasting testwork utilised both fluidised bed and kiln roasting methods. Roasting testwork requires a number of methods and temperatures to be trialled to find the optimum temperature to both extract the metals from the sulphide minerals and control the gases and temperatures present within the kiln to ensure sintering does not occur. Recoveries from these methods varied greatly, indicating that a consistent process has not yet been developed. In addition, initial tests where it was thought sinter was formed have now been reinterpreted to represent formation of ferrite. However, off gas testing has not confirmed the reactions taking place, in part due to the methodology of collecting the gas samples in the testing laboratory. A number of further tests are required to obtain a representative estimate of the recovery possible through roasting, which will then need to be replicated to confirm repeatability.

In summary, any further work relating to the metallurgical process for treating the Opuwo ore will consider both the roasting method described above, and the autoclave leaching method that was originally investigated for treating the ore, which requires optimisation to reduce reagent consumption and implied operating costs.

***Environmental Impact Assessment***

SLR Namibia was contracted to conduct the Environmental Impact Assessment (EIA) of the Opuwo Cobalt Project in January 2019. The EIA forms a substantial part of the Pre-Feasibility Study (PFS).

During the June Quarter the Environmental Impact Assessment Scoping Report for the Opuwo Cobalt Project was finalised, reviewed and lodged for public comment, which is considered to be an important step should the Company decide to re-accelerate the evaluation and development of the Project.

***Resource Expansion Drilling***

Since the maiden Mineral Resource for the Opuwo Cobalt Project was declared on April 16, 2018, a significant amount of additional drilling has been undertaken on the Project aimed at expanding the size, and increasing the data density in the maiden resource, to support more advanced feasibility studies, and expand the scale of a potential mining operation (refer to ASX announcements 10 August 2018, 5 September 2018, 4 October 2018, 16 October 2018, 7 January 2019and 18 March 2019).

A potentially significant extension to the existing Mineral Resource and Exploration Target zones, dubbed the "DOF Northwest Anticline" Target, was confirmed with the latest drilling at the Project. This new zone is characterised by thicker than average and significantly flatter dipping DOF style mineralisation than occurs elsewhere within the Mineral Resource, allowing the Company to consider alternative mining techniques as part of the ongoing Project studies. Preliminary resource modelling has been undertaken by the Company's external consultants; however, further drilling is likely to be required in this area to increase the data density and potentially include this area in an updated JORC Compliant Mineral Resource for the Project.

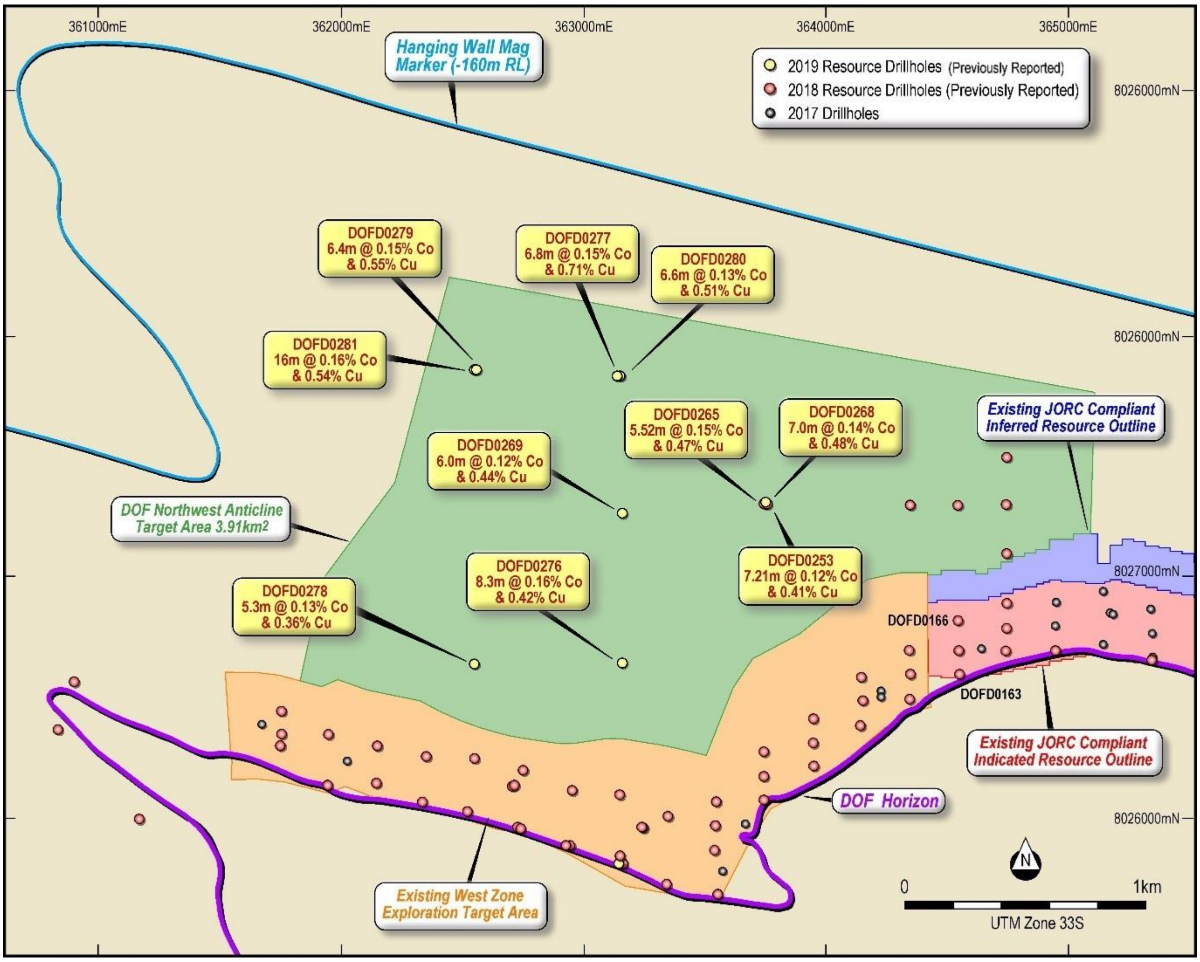


**Figure 2: DOF Northwest Anticline Drilling Results**

***Opuwo Regional Exploration***

In addition to work on the Opuwo Cobalt Project a general review of the exploration potential across the Company's landholdings in Namibia was completed.

A SkyTEM airborne survey was completed during the year, which generated numerous targets for further investigation, as announced 30 November, 2018). Targets at the Opuwo Lineament and Opuwo Corridor were drill tested during the year, with mildly anomalous but generally disappointing results. However, several targets generated from this geophysical program, and supported in some cases by geochemical anomalism and geological structure, remain to be tested.

Mapping and sampling was completed at the Jimi Vanadium Prospect and a review completed of the Otuziru lead-zinc Prospect. A drilling programme was designed for Otuziru to expand upon the existing defined mineralisation and is being considered for implementation in the coming year.

***Statement of Mineral Resources***

**Table 1: JORC Compliant Indicated and Inferred Mineral Resources (April 16, 2018)**

| 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 |
| TOTAL INDICATED | | 600 | 72.0 | 0.11 | 0.42 | 0.41 | 79,300 |
| Inferred | Fresh - Sulphide | 600 | 40.5 | 0.12 | 0.41 | 0.46 | 46,900 |
| **TOTAL** | | **600** | **112.4** | **0.11** | **0.41** | **0.43** | **126,100** |

* Note that minor rounding errors occur in this table.

Celsius confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Celsius confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. Work programmes aimed at updating the Mineral Resource are incomplete as at the date of this report.

## Western Australian Nickel Assets

Celsius holds an interest in a nickel asset in Western Australia. Celsius (through View Nickel Pty Ltd) has a 100% interest in the Abednegno Hill Nickel Project to the west of Minara Resources' Murrin Murrin nickel mine. The Abednegno Hill tenement is 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.

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 Carniilya 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 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.

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 decreased to $22,036,352 as at 30 June 2019, a decrease of $281,852 from net assets of $22,318,204 at 30 June 2018.

The consolidated entity's net working capital, being current assets less current liabilities is net current assets of $6,834,403 (2018: $13,382,201).

**EVENTS AFTER THE REPORTING PERIOD**

The directors are not aware of any 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 Pine van Wyk** | Non-Executive Director |
| 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<br>4,000,000 unlisted options exercise price $0.175 expiring 16 April 2021 |
| Directorships held in other listed entities | Nil |

| | |
|---|---|
| **Mr William Oliver** | Non-Executive Chairman |
| Qualifications | BSc (Hons), GDipAppFin (FINSA), 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.<br><br>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.<br><br>More recent roles include Bellamel Mining, BC Iron, Signature Metals and Orion Gold NL. He is currently Managing Director of Vanadium Resources Ltd (ASX: VR8) and Non-Executive Director of Minbos Resources Ltd (ASX: MNB) and Koppar 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. |
| Interest in Shares and Options | 699,501 ordinary shares<br>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)<br>Managing Director of Vanadium Resources Ltd (since 31 March 2017)<br>Non-Executive Director of Koppar Resources Ltd (since 5 February 2018) |
| **Mr Brendan Borg** | Non-Executive Director |
| Qualifications | BSc, MSc, MAusIMM |
| Experience | Mr. Borg is a 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 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.<br><br>Mr Borg is currently the Managing Director of Tempus Resources Ltd (ASX: TMR), a Non-Executive Director of Mali Lithium Limited (ASX:MLL) and is a Director of geological consultancy Borg Geoscience Pty Ltd. |
| Interest in Shares and Options | 22,000,000 ordinary shares<br>4,000,000 unlisted options exercise price $0.05 expiring 18 August 2020 |
| Directorships held in other listed entities | Managing Director of Tempus Resources Ltd (Director since 18 April 2018)<br>Non-Executive Director of Mali Lithium Limited (since 15 November 2018) |

**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 | 7 | 7 | 7 |
| Pine van Wyk | 7 | 7 | 7 |
| Brendan Borg | 7 | 7 | 7 |
| Ranko Matic | 3 | 3 | 3 |
| Laurent Raskin | 2 | 2 | 2 |

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 2019.

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 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:

| | **2019** | **2018** | **2017** | **2016** | **2015** |
|---|---|---|---|---|---|
| Other income ($) | 214,302 | 75,506 | 6,743 | 2,325 | 2,648 |
| Net profit/(loss) after income tax ($) | (979,676) | (2,790,788) | (781,822) | (615,849) | (17,812,494) |
| Share price at year end (cents/share) | 0.03 | 0.155 | 0.035 | 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:

### 2019

| Key Management Person | Short-term Benefits | | | | Post-employment Benefits | Share based Payments | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cash, salary & Commissions | Cash profit Share | Non-Cash Benefit | Other | Superannuation | Equity [1] | Total | Performance Related | Remuneration Consisting of Options |
| | $ | $ | $ | $ | $ | $ | $ | % | % |
| Mr W Oliver | 72,000 | - | - | - | - | (5,055) | 66,945 | - | (7.6%) |
| Mr B Borg | 334,000 | - | - | - | - | (5,055) | 328,945 | - | (1.5%) |
| Mr P van Wyk (2) | 60,000 | - | - | - | - | (31,287) | 28,713 | - | (109.0 %) |
| Mr R Matic (3) | 25,806 | - | - | - | - | (5,055) | 20,751 | - | (24.4%) |
| Mr L Raskin | - | - | - | - | - | - | - | - | - |
| | **491,806** | **-** | **-** | **-** | **-** | **(46,453)** | **445,354** | **-** | **(10.4%)** |

1 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.
2 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.

### 2018

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

1 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.
2 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.
3 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.
4 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.

## C. Service agreements

There were no key management personnel that have or had service agreements for the year ended 30 June 2019, 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.

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 |
|---|---|---|---|---|
| Willam Oliver | Non-Executive Chairman | No fixed term | 48,000 | Nil |
| Pine van Wyk | Non-Executive Director | No fixed term | 48,000 | Nil |
| Brendan Borg | Non-Executive Director | No fixed term | 48,000 | Nil |

**D Share-based compensation**

**Options**

No options were granted to directors during the year ended 30 June 2019.

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 payments granted in prior years that is recognised as expense in each reporting period in accordance with the requirement of AASB 2.

**Shareholdings**

There were no shares issued to the directors during the year ended 30 June 2019.

**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 2019 | Balance at beginning of the year | Granted as remuneration during the year | Acquired on-market or as part of capital raising | Exercise of options | Balance at end of year |
|---|---|---|---|---|---|
| Mr W Oliver | 6,166,667 | - | - | (166,667) | 6,000,000 |
| Mr B Borg | 4,000,000 | - | - | - | 4,000,000 |
| Mr P van Wyk | 4,000,000 | - | - | - | 4,000,000 |
| Mr R Matic (resigned 5 December 2018) | 6,000,000 | - | - | - | 6,000,000[1] |
| Mr L Raskin (appointed 5 December 2018, resigned 27 February 2019) | - | - | - | - | - |
| | 20,166,667 | - | - | (166,667) | 20,000,000 |

[1] Balance as at date of resignation.

### 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 2019 | Balance at beginning of the year | Granted as remuneration during the year | Acquired on-market or as part of capital raising | Exercise of options | Balance at end of year |
|---|---|---|---|---|---|
| Mr W Oliver | 532,834 | - | - | 166,667 | 699,501 |
| Mr B Borg | 22,000,000 | - | - | - | 22,000,000 |
| Mr P van Wyk | 2,791,250 | - | - | - | 2,791,250 |
| Mr R Matic (resigned 5 December 2018) | 69,269 | - | - | - | 69,269[2] |
| Mr L Raskin (appointed 5 December 2018, resigned 27 February 2019) | 7,000,000[1] | - | 3,500,000 | - | 10,500,000[2] |
| | 32,393,353 | - | 3,500,000 | 166,667 | 36,060,020 |

[1] Balance as at date of appointment.
[2] Balance as at date of resignation.

### 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 and Consilium Corporate Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments were for the provision of corporate secretarial and accounting services. Consilium Corporate Advisory Pty Ltd and Consilium Corporate Pty Ltd ceased to be a related party on 5 December 2018 upon Mr Matic's resignation as a director of Celsius Resources Limited. Amounts paid or payable during the year up until the Ranko's resignation amounted to $50,120 (2018: $119,197). Payments were also made to these companies for services provided as a director of the company and amounts paid or payable were $25,806 (2018: $40,000).

There were no geological consulting services paid or payable for the 2019 year that were made to Billandbry Consulting Pty Ltd, a company with which Mr Oliver, is a shareholder and director. Prior year payments for the provision of geological consulting services amounted to $30,750. Payments were also made to this company for services provided as a director of the company and amounts paid or payable for the year were $72,000 (2018: $42,600).

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 Director fees and amounts paid or payable were $334,000 (2018: $304,892).

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 were for the provision of metallurgical consulting services and amounts paid or payable were $119,974 (2018: $33,000). Payments were also made to this company for services provided as a director of the company and amounts paid or payable were $60,000 (2018: $52,000).

During the year, there were payments made to and receipts from Stewardship Management Services (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for management fees and amounts paid or payable were $11,111 (2018: nil). The receipts were for the recovery management fee recoveries and amounts paid or payable were $7,554 (2018: 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 amounts paid or payable were $41,152 (2018: $38,381).

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 amounts paid or payable were $281,813 (2018: $45,064).

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 amounts paid or payable were $2,604,532 (2018: $4,354,666). The receipts were for accommodation cost recoveries and amounts received or receivable were nil (2018: $175).

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 amounts paid or payable were $677,213 (2018: $727,005). The receipts were for VAT refund recoveries and amounts paid or payable were $20,474 (2018: $27,141).

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 amounts paid or payable for vehicle rent, consumables and equipment purchases were $21,975 (2018: $43,958). The amounts received or receivable for exploration cost recoveries were $660 (2018: $33,550).

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**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Billandbry Consulting Pty Ltd | 6,600 | 6,000 |
| Consilium Corporate Pty Ltd # | - | 16,338 |
| Borg Geoscience Pty Ltd | 4,400 | 30,000 |
| Stewardship Consulting (Pty) Ltd | 16,123 | 14,000 |
| Gecko Drilling & Blasting (Pty) Ltd* | - | 164,989 |
| Gecko Exploration (Pty) Ltd* | 53,191 | 5,803 |
| Namibia Rare Earths (Pty) Ltd* | - | 17,581 |
| Gecko Namibia (Pty) Ltd* | 16,746 | - |
| | 97,060 | 254,711 |

# Consilium Corporate Pty Ltd ceased to be a related party from 5 December 2018
***** These balance have been converted from Namibian dollars to Australian dollars.

**c) Receivables from related parties**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Gecko Drilling & Blasting (Pty) Ltd prepayment* | - | 591,716 |
| Gecko Exploration (Pty) Ltd prepayment* | - | 98,619 |
| Stewardship Management Services (Pty) Ltd* | 7,715 | - |
| | 7,715 | 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 |
|---|---|---|---|
| 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 |
| 27 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 2019 and up to the date of this report on the exercise of options granted:

| Date options granted | Exercise price | Number of shares issued |
|---|---|---|
| 14 December 2016 | $0.01 | 43,781,706 |

### 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 indemnity 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

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Non-audit services that have been provided by the entity's auditor, RSM Australia Partners, have been disclosed in Note 17.

## 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.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's 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.

**William Oliver**
**Non-Executive Chairman**

Date: 30 September 2019
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 a Non-Executive 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.*

*Information in this report relating to Mineral Resource Estimates is based on information prepared by Mr. Dexter Ferreira, who is a Member of the South African Council for Natural Scientific Professions, which is a Recognised Professional Organisation (RPO). Mr. Ferreira is a Contract Resource Specialist for DMT Kai Batla Pty. Ltd., who act as Resource Consultants to Celsius. Mr. Ferreira 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. Ferreira 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.

| | **PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT** | |
|---|---|---|
| | **Recommendation** | **Celsius Resources Ltd Current Practice** |
| 1.1 | A listed entity should disclose:<br>(a) respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management | Adopted<br><br>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 – http://www.celsiusresources.com.au/profile/corporate-governance/<br><br>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:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director: and<br>(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<br><br>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<br><br>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<br><br>The responsibilities of the Company Secretary are contained within the Board Charter. |
| 1.5 | A listed entity should:<br>(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<br>(b) disclose that policy<br>(c) disclose at end of reporting period how objectives are being achieved via:<br>(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<br>(ii) if entity is a ‘‘relevant employer” under the Workplace Gender Equality Act, the entities most recent “Gender Equality | Partially Adopted<br><br>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.<br><br>The company makes the following disclosures regarding the proportion of women employed in the organisation:<br>- Women on Board: 0%<br>- Women in Senior Management: 25%<br>- Women in whole organisation: 25% |
| 1.6 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and<br>(b) disclose, in relation to each reporting period, | Adopted<br><br>The company has a performance evaluation policy, as detailed in Schedule 6 of its Corporate Governance Plan document providing for an annual review on the board, directors and |

| | | |
|---|---|---|
| | whether a performance evaluation was undertaken in the reporting period in accordance with that process. | management. An evaluation has not taken place within the financial period. |
| 1.7 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | Adopted.<br><br>As detailed above, the company has a performance evaluation policy which include the performance of executives. An evaluation did not take place this financial. |
| | | |
| | **PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE** | |
| | **Recommendation** | **Celsius Resources Limited Current Practice** |
| 2.1 | The board of a listed entity should:<br>(a) Have a nomination committee which:<br>(i) has at least three members, a majority of whom are independent directors; and<br>(ii) is chaired by a independent director;<br>and disclose:<br>(i) the charter of the committee;<br>(ii) the members of the committee; and<br>(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<br>(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<br><br>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.<br><br>The Nomination Committee Charter is detailed in Schedule 5 of the Corporate Governance Plan document available on the company's website http://www.celsiusresources.com.au/profile/corporate-governance/ |
| 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<br><br>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. http://www.celsiusresources.com.au/profile/corporate-governance/. There is no immediate plans to develop and disclose a Board Skills Matrix. |
| 2.3 | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors<br>(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<br>(c) the length of service of each director. | Adopted.<br><br>(a) William Oliver – Independent<br>(b) N/A<br>(c) William Oliver – appointment - 23 December 2010 - 9 years, 9 month |
| 2.4 | A majority of the Board of a listed entity should be independent directors. | Not Adopted.<br><br>Currently 33% 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.<br><br>William Oliver is the current Chairman of the company who does not perform the role of CEO. 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.<br><br>The Company Secretary currently completes the induction of new directors. All directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors. |
| | | |
| | **PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING** | |
| | **Recommendation** | **Celsius Resources Limited Current Practice** |
| 3.1 | A listed entity should:<br>(a) Have a code of conduct for its directors, senior executives and employees; and<br>(b) (b) disclose that code of conduct or a summary of it. | Adopted.<br><br>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 http://www.celsiusresources.com.au/profile/corporate-governance/ |
| | | |
| | **PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING** | |
| | **Recommendation** | **Celsius Resources Limited Current Practice** |
| 4.1 | The board of a listed entity should:<br><br>(a) have an audit committee which:<br>(i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(ii) is chaired by an independent director, who is not the chair of the board;<br>And disclose:<br>(iii) the charter of the committee<br>(iv) the relevant qualifications and experience of the member of the committee; and<br>(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<br>(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<br><br>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 http://www.celsiusresources.com.au/profile/corporate-governance/ 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 |

| | | |
|---|---|---|
| | **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE** | |
| | **Recommendation** | **Celsius Resources Limited Current Practice** |
| 5.1 | A listed entity should:<br><br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it | Adopted.<br><br>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 http://www.celsiusresources.com.au/profile/corporate-governance/ |
| | **PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS** | |
| | **Recommendation** | **Celsius Resources Limited Current Practice** |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | Adopted<br><br>Refer to the company's Corporate Governance page on its website – http://www.celsiusresources.com.au/profile/corporate-governance/ |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | Adopted<br><br>The company has a Shareholder Communication strategy which is contained in the company's Corporate Governance Plan document, which is published on its website – http://www.celsiusresources.com.au/profile/corporate-governance/ |
| 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. | Adopted<br><br>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. |
| 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 |
| | **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK** | |
| | **Recommendation** | **Celsius Resources Limited Current Practice** |
| 7.1 | The board of a listed entity should:<br><br>(a) have a committee or committees to oversee risk, each of which:<br>(i) has at least three members, a majority of whom are independent directors; and<br>(ii) is chaired by an independent director,<br>And disclose:<br>(iii) the charter of the committee;<br>(iv) the members of the committee; and<br>(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<br>(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. | Not Adopted<br><br>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 http://www.celsiusresources.com.au/profile/corporate-governance/<br><br>Within the "Disclosure – Risk Management" section of the Corporate Governance Plan, the company undertakes regular risk management reviews. |
| 7.2 | The board or a committee of the board should:<br><br>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and | Adopted.<br><br>The Board reviews risk on a regular basis with following policies and procedures forming part of the company's Risk Management Framework: |

| | | |
|---|---|---|
| | (b) disclose, in relation to each reporting period, whether such a review has taken place. | • Audit and Risk Committee Charter<br>• Disclosure – Risk Management, as in Schedule 8 in the Corporate Governance document.<br><br>A review has not taken place in the reporting period. |
| 7.3 | A listed entity should disclose:<br><br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(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. | Not Adopted<br><br>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.<br><br>Internal controls are reviewed on an annual basis. |
| 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. | Not Adopted.<br><br>The company does not have a sustainability policy. However the company does have the following policies:<br>- Occupational Health and Safety Policy<br>- Community Engagement Policy<br>- Environmental Policy<br>As available on the company's website, which does address some of these sustainability issues. |
| | | |
| | **PRINCIPLE 8 – REMUNERATE FARILY AND RESPONSIBLY** | |
| | **Recommendation** | **Celsius Resources Limited Current Practice** |
| 8.1 | The board of a listed entity should:<br><br>(a) have a remuneration committee which:<br>(i) has at least three members, a majority of whom are independent directors; and<br>(ii) is chaired by an independent director,<br>and disclose:<br>(iii) the charter of the committee;<br>(iv) the members of the committee; and<br>(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<br>(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. | Not Adopted.<br><br>The company does not have a Remuneration Committee.<br><br>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 http://www.celsiusresources.com.au/profile/corporate-governance/ The Board follows the Remuneration Committee Charter which provides for dealing with board remuneration issues. |
| 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. | Adopted.<br><br>This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter. |
| 8.3 | A listed entity which has an equity-based remuneration scheme should:<br><br>(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<br>(b) disclose that policy or a summary of it. | Not Applicable |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

| | Notes | Consolidated 2019 $ | 2018 $ |
|---|---|---|---|
| Other income | 3 | 214,302 | 75,506 |
| Directors' and employee benefits expense | | (176,806) | (146,129) |
| Share based payment | 14 | 62,620 | (1,015,006) |
| Legal and other professional fees | | (266,429) | (225,348) |
| Impairment of deferred exploration expenditure | 9 | (187,822) | - |
| Travel and accommodation | | (70,601) | (193,706) |
| Loss on sale of tenement | | - | (193,454) |
| Provision for rehabilitation expense | | - | (232,753) |
| Other expenses | 4 | (554,940) | (859,898) |
| **Loss before income tax** | | (979,676) | (2,790,788) |
| Income tax expense | 5 | - | - |
| **Loss for the year** | | **(979,676)** | **(2,790,788)** |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to operating result* | | | |
| Exchange differences on translating foreign controlled entities | | 322,627 | (173,558) |
| Other comprehensive income for the year | | **322,627** | **(173,558)** |
| Total comprehensive loss for the year | | **(657,049)** | **(2,964,346)** |
| Loss for the year is attributable to: | | | |
| Members of parent entity | | (974,038) | (2,788,560) |
| Non-controlling interest | | (5,638) | (2,228) |
| | | **(979,676)** | **(2,790,788)** |
| Total comprehensive loss attributable to: | | | |
| Members of parent entity | | (667,542) | (2,962,118) |
| Non-controlling interest | | 10,493 | (2,228) |
| | | **(657,049)** | **(2,964,346)** |
| **Earnings per share** | | | |
| - Basic earnings per share (cents) | 21 | (0.13) | (0.49) |
| - Diluted earnings per share (cents) | 21 | (0.13) | (0.49) |

The accompanying notes form part of this financial report.

| | Notes | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 6,655,181 | 12,393,058 |
| Trade and other receivables | 7 | 366,469 | 842,336 |
| Other assets | 8 | 30,234 | 690,985 |
| Total current assets | | 7,051,884 | 13,926,379 |
| **Non-current assets** | | | |
| Deferred exploration expenditure | 9 | 15,434,702 | 9,168,756 |
| Total non-current assets | | 15,434,702 | 9,168,756 |
| **Total assets** | | 22,486,586 | 23,095,135 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 217,481 | 544,178 |
| Total current liabilities | | 217,481 | 544,178 |
| **Non-current liabilities** | | | |
| Provisions | 11 | 232,753 | 232,753 |
| Total non-current liabilities | | 232,753 | 232,753 |
| **Total liabilities** | | 450,234 | 776,931 |
| **Net assets** | | 22,036,352 | 22,318,204 |
| **EQUITY** | | | |
| Issued capital | 12 | 54,840,709 | 54,402,892 |
| Reserves | 13 | 1,437,889 | 1,194,013 |
| Accumulated losses | | (34,368,879) | (33,394,841) |
| Equity attributable to the owners of Celsius Resources Limited | | 21,909,719 | 22,202,064 |
| Non-controlling interest | | 126,633 | 116,140 |
| **Total equity** | | 22,036,352 | 22,318,204 |

The accompanying notes form part of this financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 30 JUNE 2019

| | Issued Capital | Accumulated Losses | Share Based Payments Reserve | Option Reserve | Foreign Currency Translation Reserve | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2017** | 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) |
| **Total comprehensive (loss) / income for the year** | - | (2,788,560) | - | - | (173,558) | (2,228) | (2,964,346) |
| **Transactions with owners, directly in equity** | | | | | | | |
| 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 |
| **Balance at 30 June 2018** | 54,402,892 | (33,394,841) | 1,367,571 | - | (173,558) | 116,140 | 22,318,204 |
| **Balance at 1 July 2018** | 54,402,892 | (33,394,841) | 1,367,571 | - | (173,558) | 116,140 | 22,318,204 |
| Loss for the year | - | (974,038) | - | - | - | (5,638) | (979,676) |
| Other comprehensive income | - | - | - | - | 306,496 | 16,131 | 322,627 |
| **Total comprehensive (loss) / income for the year** | - | (974,038) | - | - | 306,496 | 10,493 | (657,049) |
| **Transactions with owners, directly in equity** | | | | | | | |
| Share based payments | - | - | (62,620) | - | - | - | (62,620) |
| Exercise of options | 437,817 | - | - | - | - | - | 437,817 |
| **Balance at 30 June 2019** | 54,840,709 | (34,368,879) | 1,304,951 | - | 132,938 | 126,633 | 22,036,352 |

The accompanying notes form part of this financial report.

| | Notes | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Expenditure on mining interests | | (5,290,316) | (7,134,424) |
| Payments to suppliers and employees | | (1,070,733) | (1,479,600) |
| Interest received | | 203,330 | 75,506 |
| **Net cash outflow from operating activities** | 22 | (6,157,719) | (8,538,518) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 437,817 | 17,928,944 |
| Payment of capital raising costs | | (21,753) | (853,605) |
| **Net cash inflow from financing activities** | | 416,064 | 17,075,339 |
| **Net (decrease)/increase in cash and cash equivalents** | | (5,741,655) | 8,536,821 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | | 3,778 | - |
| Cash and cash equivalents at the beginning of the financial year | | 12,393,058 | 3,856,237 |
| **Cash and cash equivalents at the end of the financial year** | 6 | 6,655,181 | 12,393,058 |

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 financial statements were authorised for issue on 30 September 2019 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) Parent entity

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 23.

### 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.

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

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.

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 and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowances for expected credit losses. Trade receivables are generally due for settlement within 120 days.

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

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

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

**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.

**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.

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

**i) 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.

**j) Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**k) 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.

**l) 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.

**m) Other Income**

***Interest***

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial interest to the net carrying amount of the financial asset.

***Other revenue***

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

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

**n) 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.
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.

**o) 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.

**p) 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.

**q) Foreign currency translation**

The financial statements are presented in Australian dollars, which is Celsius Resources Ltd's functional and presentation currency.

*Foreign currency transactions*
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at the financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**r) Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

**s) 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.

**r) Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

**Classification of financial assets**

All recognised financial assets are measured subsequently in their entirety in at either amortised cost or fair value, depending on the classification of the financial assets.

*Amortised cost:*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

*Fair value through other comprehensive income:*

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

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

*Fair value through profit or loss:*

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

**Subsequent measurement of financial assets**

The measurement of classifications applicable to the Group are as follows:

*Amortised cost and effective interest method:*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

**Classification of financial liabilities**

All financial liabilities are measured at amortised cost using the effective interest method or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss when the financial liability is contingent consideration of an acquirer in a business combination, held for trading or is designated as at fair value through profit or loss.

**Subsequent measurement of financial liabilities**

The measurement of classifications applicable to the Group are as follows:

*Amortised cost:*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**Impairment**

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

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

**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.

### s) 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.

### t) 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.

### u) 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 2019. 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 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 expected to be minimal.

## 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:

| **2019** | Exploration activities AUSTRALIA $ | Exploration Activities NAMIBIA $ | Consolidated $ |
|---|---|---|---|
| Segment revenue | 209,330 | 4,972 | 214,302 |
| Total revenue | | | 214,302 |
| Segment result before income tax | (700,242) | (279,434) | (979,676) |
| Profit before income tax | | | (979,676) |
| Segment assets | 6,949,527 | 15,537,059 | 22,486,586 |
| Total assets | | | 22,486,586 |
| Segment liabilities | 325,875 | 124,359 | 450,234 |
| Total Liabilities | | | 450,234 |

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

## 3. Other income

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Interest | 214,302 | 75,506 |
| | 214,302 | 75,506 |

## 4. Other expenses

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Expenses, excluding finance costs, included in the Statement of Profit or Loss and Other Comprehensive Income classified by nature | | |
| Marketing & Promotion | 41,538 | 194,742 |
| Consulting fees | 261,512 | 217,566 |
| Regulatory costs | 116,846 | 169,963 |
| Sundry expenses | 135,044 | 277,627 |
| | 554,940 | 859,898 |

## 5. Income tax expense

| | 2019 | 2018 |
|---|---|---|
| Loss before income tax expense | (979,676) | (2,790,788) |
| Tax at the Australian tax rate of 30% (2018: 30%) | 293,903 | 837,236 |
| Tax effect amounts which are not deductible in calculating taxable income | 68,631 | 549,269 |
| Deferred tax assets not brought to account | 299,966 | 287,967 |
| Movement in temporary differences | (74,695) | - |
| Income tax expense | - | - |
| Tax benefit not recognised – opening balance | 28,344,211 | 25,424,298 |
| Reduction in opening deferred taxes resulting from reduction in tax rate | - | 2,311,300 |
| | 28,344,211 | 27,735,598 |
| Tax benefit not recognised – current year | 91,437 | 608,613 |
| Tax benefit at 30% not recognised (2018: 30%) | 28,435,648 | 28,344,211 |

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

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Cash at bank and on hand | 1,955,181 | 3,393,058 |
| Short-term bank deposits | 4,700,000 | 9,000,000 |
| | 6,655,181 | 12,393,058 |

### 7. Trade and other receivables

| | | |
|---|---|---|
| Other debtors | 355,497 | 842,336 |
| Interest receivable | 10,972 | - |
| | 366,469 | 842,336 |

### 8. Other assets

| | | |
|---|---|---|
| Prepayments | 30,234 | 690,985 |
| | 30,234 | 690,985 |

Included in the prepayments were balances for Gecko Exploration (Pty) Ltd for prepaid exploration costs of nil (2018: $98,619) and Gecko Drilling & Blasting (Pty) Ltd for prepaid drilling costs of nil (2018: $591,716) who are related parties of the company.

### 9. Deferred exploration expenditure

| | | |
|---|---|---|
| Expenditure brought forward | 9,168,756 | 1,519,172 |
| Expenditure acquired during the year | - | 4,250,000 |
| Expenditure incurred during the year | 6,453,768 | 3,399,584 |
| Expenditure impaired/written off during the year | (187,822) | - |
| Expenditure carried forward | 15,434,702 | 9,168,756 |

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 did not meet the definition of a business within AASB 3 Business Combinations.

During the year 2019 year, EPL 4350 was relinquished. The expenditure written off during the year was in relation to this tenement.

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

### 10. Trade and other payables

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Trade creditors | 154,226 | 447,464 |
| Accrued expenses | 63,255 | 96,714 |
| | 217,481 | 544,718 |

### 11. Provisions

| | 2019 | 2018 |
|---|---|---|
| Provision for rehabilitation | 232,753 | 232,753 |
| | 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 a 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.

### 12. Issued Capital

| | 2019 | 2018 |
|---|---|---|
| Ordinary shares – fully paid | 58,717,141 | 58,279,324 |
| Capital raising costs | (3,876,432) | (3,876,432) |
| | 54,840,709 | 54,402,892 |

#### a) Ordinary Shares

| | Date | 2019 No. of shares | 2018 No. of shares | Issue price $ | 2019 $ | 2018 $ |
|---|---|---|---|---|---|---|
| | At the beginning of the reporting period: | 713,436,375 | 459,316,544 | | 54,402,893 | 35,472,171 |
| | Shares issued during the year | | | | | |
| – | 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 |
| – | 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 | - | 102,822 |
| – | 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 |
| – | 11 July 2018 | 1,021,895 | - | 0.01 | 10,219 | - |
| – | 2 August 2018 | 936,719 | - | 0.01 | 9,367 | - |
| – | 24 August 2018 | 1,274,405 | - | 0.01 | 12,744 | - |
| – | 12 September 2018 | 246,760 | - | 0.01 | 2,468 | - |
| – | 28 September 2018 | 500,000 | - | 0.01 | 5,000 | - |
| – | 12 October 2018 | 436,203 | - | 0.01 | 4,362 | - |
| – | 17 October 2018 | 3,219,090 | - | 0.01 | 32,191 | - |
| – | 2 November 2018 | 600,000 | - | 0.01 | 6,000 | - |
| – | 8 November 2018 | 874,000 | - | 0.01 | 8,740 | - |
| – | 15 November 2018 | 2,405,557 | - | 0.01 | 24,056 | - |
| – | 23 November 2018 | 880,500 | - | 0.01 | 8,805 | - |
| – | 7 December 2018 | 1,021,951 | - | 0.01 | 10,219 | - |
| – | 14 December 2018 | 3,499,709 | - | 0.01 | 34,997 | - |
| – | 21 December 2018 | 15,550,519 | - | 0.01 | 155,505 | - |
| – | 4 January 2019 | 11,314,398 | - | 0.01 | 113,144 | - |
| | Options exercised | - | - | - | - | 697,205 |
| | Capital raising costs | - | - | - | - | (1,445,428) |
| | At the end of the reporting period | 757,218,081 | 713,436,375 | | 54,840,709 | 54,402,893 |

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 2019 and 2018 is as follows:

| | 2019 $ | 2018 $ |
|---|---|---|
| Cash and cash equivalents | 6,655,181 | 12,393,058 |
| Trade and other receivables | 366,469 | 842,336 |
| Other current assets | 30,234 | 690,985 |
| Trade and other payables | (217,481) | (544,178) |
| Working capital position | 6,834,403 | 13,382,201 |

## 13. Reserves

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Share based payment reserve | 1,304,951 | 1,367,571 |
| Foreign currency translation | 132,938 | (173,558) |
| | 1,437,889 | 1,194,013 |

*Movements*

| | 2019 $ | 2018 $ |
|---|---|---|
| **Share based payments reserve** | | |
| Balance 1 July | 1,367,571 | 463,800 |
| Transfer to accumulated losses | - | - |
| Exercise of options | - | (681,305) |
| Issue of options for services | (62,620) | 1,015,006 |
| Issue of options for capital raising activities | - | 570,070 |
| Balance 30 June | 1,304,951 | 1,367,571 |

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.

| | 2019 $ | 2018 $ |
|---|---|---|
| **Foreign currency translation reserve** | | |
| Balance 1 July | (173,558) | - |
| Translation of foreign entity | 306,496 | (173,558) |
| Balance 30 June | 132,938 | (173,558) |

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

| | Number | Weighted average exercise price |
|---|---|---|
| **Options outstanding as at 30 June 2017** | 114,746,364 | $0.0137 |
| Issued | 52,500,000 | $0.105 |
| Exercised | (73,866,857) | $0.027 |
| **Options outstanding as at 30 June 2018** | 93,379,507 | $0.069 |
| Issued | - | N/A |
| Exercised | (43,781,706) | $0.010 |
| Expired unexercised | (97,801) | $0.010 |
| **Options outstanding as at 30 June 2019** | 49,500,000 | $0.121 |

43,781,706 listed options with an exercise price of $0.01 were exercised during the financial year (2018: 48,866,857).

There were no unlisted options granted to employees during the year (2018: 26,000,000). There were no shares issued to directors during the year which related to remuneration of the prior financial year (2018: nil).

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

| Grant date | Expiry date | 2019 Number | 2018 Number |
|---|---|---|---|
| 14 December 2016 | 30 December 2018 | - | 43,879,507 |
| 18 May 2017 | 18 May 2020 | 3,000,000 | 3,000,000 |
| 19 May 2017 | 19 May 2020 | 6,000,000 | 6,000,000 |
| 27 July 2017 | 18 August 2020 | 16,000,000 | 16,000,000 |
| 4 January 2018 | 5 January 2021 | 2,500,000 | 2,500,000 |
| 27 October 2017 | 12 January 2021 | 6,000,000 | 6,000,000 |
| 8 December 2017 | 8 December 2020 | 6,000,000 | 6,000,000 |
| 29 January 2018 | 6 February 2020 | 2,000,000 | 2,000,000 |
| 12 April 2018 | 16 April 2020 | 2,000,000 | 2,000,000 |
| 20 March 2018 | 16 April 2021 | 6,000,000 | 6,000,000 |
| | | 49,500,000 | 93,379,507 |

## 14. Share based payment transactions

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Recognised in profit or loss and other comprehensive income – share based payment | (62,620) | 1,015,006 |
| Recognised in equity – share issue costs | - | 570,070 |
| Total value of options expensed during the financial year | (62,620) | 1,585,076 |
| Fair value yet to vest | - | 320,635 |
| Total fair value of options issued during the financial year | (62,620) | 1,905,711 |
| | | |
| Key management remuneration expense | (46,453) | 439,223 |
| Consultants | (16,167) | 1,145,853 |
| Total share based payments in the financial statements | (62,620) | 1,585,076 |

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.

Due to the likelihood of certain vesting conditions being met reduced to nil, the expense in relation to these options was reversed resulting in the negative share based payment for the year.

## 15. 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 2019.

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

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits | 491,806 | 439,492 |
| Post-employment benefits | - | - |
| Share based payments | (46,453) | 439,223 |
| | 445,353 | 878,715 |

## 16. Related parties

### a) Parent entity

The parent entity is Celsius Resources Limited.

### b) Controlled entities

Interests in controlled entities are set out in note 19.

### c) Key management personnel

Disclosures relating to key management personnel are set out in note 15 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 and Consilium Corporate Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments were for the provision of corporate secretarial and accounting services. Consilium Corporate Advisory Pty Ltd and Consilium Corporate Pty Ltd ceased to be a related party on 5 December 2018 upon Mr Matic's resignation as a director of Celsius Resources Limited. Amounts paid or payable during the year up until the Ranko's resignation amounted to $50,120 (2018: $119,197). Payments were also made to these companies for services provided as a director of the company and amounts paid or payable were $25,806 (2018: $40,000).

There were no geological consulting services paid or payable for the 2019 year that were made to Billandbry Consulting Pty Ltd, a company with which Mr Oliver, is a shareholder and director. Prior year payments for the provision of geological consulting services amounted to $30,750. Payments were also made to this company for services provided as a director of the company and amounts paid or payable for the year were $72,000 (2018: $42,600).

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 Director fees and amounts paid or payable were $334,000 (2018: $304,892).

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 were for the provision of metallurgical consulting services and amounts paid or payable were $119,974 (2018: $33,000). Payments were also made to this company for services provided as a director of the company and amounts paid or payable were $60,000 (2018: $52,000).

During the year, there were payments made to and receipts from Stewardship Management Services (Pty) Ltd, a company with which Mr van Wyk is a shareholder and director. The payments were for management fees and amounts paid or payable were $11,111 (2018: nil). The receipts were for the recovery management fee recoveries and amounts paid or payable were $7,554 (2018: 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 amounts paid or payable were $41,152 (2018: $38,381).

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 amounts paid or payable were $281,813 (2018: $45,064).

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 amounts paid or payable were $2,604,532 (2018: $4,354,666). The receipts were for accommodation cost recoveries and amounts received or receivable were nil (2018: $175).

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 amounts paid or payable were $677,213 (2018: $727,005). The receipts were for VAT refund recoveries and amounts paid or payable were $20,474 (2018: $27,141).

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 amounts paid or payable for vehicle rent, consumables and equipment purchases were $21,975 (2018: $43,958). The amounts received or receivable for exploration cost recoveries were $660 (2018: $33,550).

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**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Billandbry Consulting Pty Ltd | 6,600 | 6,000 |
| Consilium Corporate Pty Ltd # | - | 16,338 |
| Borg Geoscience Pty Ltd | 4,400 | 30,000 |
| Stewardship Consulting (Pty) Ltd | 16,123 | 14,000 |
| Gecko Drilling & Blasting (Pty) Ltd* | - | 164,989 |
| Gecko Exploration (Pty) Ltd* | 53,191 | 5,803 |
| Namibia Rare Earths (Pty) Ltd* | - | 17,581 |
| Gecko Namibia (Pty) Ltd* | 16,746 | - |
| | 97,060 | 254,711 |

# Consilium Corporate Pty Ltd ceased to be a related party from 5 December 2018.
***** These balances have been converted from Namibian dollars to Australian dollars.

**f) Receivables from related parties**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Gecko Drilling & Blasting (Pty) Ltd prepayment* | - | 591,716 |
| Gecko Exploration (Pty) Ltd prepayment* | - | 98,619 |
| Stewardship Management Services (Pty) Ltd* | 7,715 | - |
| | 7,715 | 690,335 |

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

## 17. Remuneration of auditors

| | Consolidated 2019 $ | 2018 $ |
|---|---|---|
| *RSM Australia Partners* | | |
| Audit and review fees | 42,500 | 43,000 |
| Other – Taxation services | 5,000 | - |
| | 47,500 | 43,000 |
| *PricewaterhouseCoopers (Republic of Namibia)* | | |
| Audit and review fees | 35,093 | 24,299 |
| Other – accounting and taxation services | 5,234 | 4,736 |
| | 40,327 | 29,035 |

## 18. 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.

| | 2019 $ | 2018 $ |
|---|---|---|
| The company has tenement rental and expenditure commitments payable of: | | |
| – not later than 12 months | 143,562 | 423,807 |
| – between 12 months and 5 years | 100,394 | - |
| | 243,956 | 423,807 |

### (b) Capital commitments

There are no capital commitments contracted for at balance date.

### 19. Controlled entities

| Name of Entity | Country of Incorporation | Class of Shares | Percentage Owned (%) 2019 | Percentage Owned (%) 2018 |
|---|---|---|---|---|
| Opuwo Cobalt Pty Ltd | Australia | Ordinary | 100% | 100% |
| View Nickel Pty Ltd | Australia | Ordinary | 100% | 100% |
| Gecko Cobalt Holdings (Pty) Ltd | Namibia | Ordinary | 95% | 95% |
| Gecko Cobalt Mining (Pty) Ltd | Namibia | Ordinary | 95% | 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:

| | 2019 $ | 2018 $ |
|---|---|---|
| *Summarised statement of financial position* | | |
| Current assets | 399,480 | 1,617,494 |
| Non-current assets | 10,964,335 | 5,498,782 |
| Total assets | 11,363,815 | 7,116,276 |
| Current liabilities | 124,359 | 265,448 |
| Non-current liabilities | 8,685,034 | 4,528,030 |
| Total liabilities | 8,809,393 | 4,793,478 |
| Net assets | 2,554,422 | 2,322,798 |

| | 2019 $ | 2018 $ |
|---|---|---|
| *Summarised statement of profit or loss and other comprehensive income* | | |
| Other income | 277,047 | 6,268 |
| Expenses | (117,740) | (50,822) |
| Profit / (loss) before income tax expense | 159,306 | (44,554) |
| Income tax expense | - | - |
| Profit / (loss) after income tax expense | 159,306 | (44,554) |
| Other comprehensive income | 322,627 | - |
| Total comprehensive income / (loss) | 481,933 | (44,554) |
| *Statement of cash flows* | | |
| Net cash outflow from operating activities | (5,408,014) | (6,727,575) |
| Net cash inflow from financing activities | 4,190,000 | 6,897,159 |
| Net (decrease)/increase in cash and cash equivalents | (1,218,014) | 169,584 |

## 20. Events after the reporting period

The directors are not aware of any 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.

## 21. Earnings per share

| | Consolidated | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| a) Reconciliation of earnings to profit or loss: | | |
| Loss attributable to owners of the Company | (974,038) | (2,788,560) |
| Loss used to calculate basic and diluted EPS | (974,038) | (2,788,560) |
| | **Number** | **Number** |
| b) Weighted average number of ordinary shares used as the denominator in calculating basic EPS | 738,700,701 | 568,759,886 |
| Weighted average number of dilutive options outstanding | - | - |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 738,700,701 | 568,759,886 |
| c) Anti-dilutive options on issue not used in dilutive EPS calculation | 68,066,147 | 77,514,860 |

## 22. Cash flow information

| | Consolidated | |
|---|---|---|
| **a) Reconciliation of loss after income tax to net cash outflow from operating activities** | **2019** | **2018** |
| | **$** | **$** |
| Loss after income tax | (979,676) | (2,790,788) |
| Share based payment | (62,620) | 1,015,006 |
| Interest expense paid in shares | - | - |
| Impairment of deferred exploration expenditure | 187,822 | - |
| Other | - | (55,192) |
| Change in operating assets and liabilities and net of effects from purchase of controlled entity: | | |
| Trade and other receivables | 495,416 | (794,604) |
| Other assets | 673,395 | (690,985) |
| Deferred exploration expenditure | (6,160,160) | (5,899,584) |
| Trade and other payables | (311,896) | 444,876 |
| Provisions | - | 232,753 |
| Net cash outflow from operating activities | (6,157,719) | (8,538,518) |

**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.

## 23. Parent entity disclosures

| | 2019 | 2018 |
|---|---|---|
| **(a) Financial Position** | **$** | **$** |
| **Assets** | | |
| Current assets | 6,622,631 | 12,294,903 |
| Non-current assets | 15,971,861 | 10,808,150 |
| **Total assets** | 22,594,492 | 23,103,053 |
| | | |
| **Liabilities** | | |
| Current liabilities | 92,022 | 277,630 |
| **Total liabilities** | 92,022 | 277,630 |
| | | |
| **Equity** | | |
| Issued capital | 54,840,709 | 54,402,892 |
| Reserves | 1,304,950 | 1,367,570 |
| Accumulated losses | (33,643,189) | (32,945,039) |
| **Total equity** | 22,502,470 | 22,825,423 |
| | | |
| **(b) Financial Performance** | | |
| Loss for the year | (698,151) | (2,178,623) |
| Other comprehensive income | - | - |
| **Total comprehensive loss** | (698,151) | (2,178,623) |

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

There are no such contingencies.

| **(d) Commitments of the Parent Entity** | | |
|---|---|---|
| Not later than 12 months | - | - |
| Between 12 months and 5 years | - | - |
| **Total** | - | - |

### 24. 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:

| 2019 | Floating Interest Rate | Fixed Interest Rate | | Non-Interest Bearing | Total | Weight Effective Interest Rate |
|---|---|---|---|---|---|---|
| | | 1 Year or Less | 1 to 5 Years | | | |
| | 2019 $ | 2019 $ | 2019 $ | 2019 $ | 2019 $ | 2019 % |
| Financial Assets | | | | | | |
| Cash | 1,955,181 | 4,700,000 | - | - | 6,655,181 | 1.57% |
| Trade and other receivables | - | - | - | 366,469 | 366,469 | - |
| Total Financial Assets | 1,955,181 | 4,700,000 | - | 366,469 | 7,021,650 | |
| Financial Liabilities | | | | | | |
| Trade and other payables | - | - | - | 217,481 | 217,481 | - |
| Total Financial Liabilities | - | - | - | 217,481 | 217,481 | |

| 2018 | 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 | |

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 2019, 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 $87,141 (2018: $37,848) 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:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **Financial assets - counterparties without external credit rating** | | |
| Financial assets with no defaults in the past | 366,469 | 842,336 |
| **Cash and cash equivalents** | | |
| ‘AA’ S&P rating | 6,655,181 | 12,393,058 |

**(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 2019 and 30 June 2018 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 2019, the consolidated entity holds minimal 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.

## 25. Contingent Assets and Liabilities

The consolidated entity had no contingent assets or liabilities as at 30 June 2019 and 30 June 2018.

## 26. 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

# DIRECTORS' DECLARATION

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 2019 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

William Oliver
Non-Executive Chairman

Date: 30 September 2019
Perth

**RSM Australia Partners**

Level 32, Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

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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 2019, 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

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2019

RSM Australia Partners

Level 32, Exchange Tower 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

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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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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 2019 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.

## 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 |
|---|---|
| ***Deferred Exploration and Evaluation***<br>Refer to Note 9 in the financial statements | |
| The Group has capitalised exploration and evaluation expenditure, with a carrying value of $15,434,702 as at 30 June 2019.<br>We determined this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including:<br>• Determination of whether expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest;<br>• Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and<br>• Assessing whether any indicators of impairment are present and, if so, judgments applied to determine and quantify any impairment loss. | Our audit procedures included:<br>• Obtaining evidence that the Group has valid rights to explore in the specific area of interest;<br>• Agreeing a sample of additions to capitalised exploration and evaluation expenditure to supporting documentation and ensuring that the amounts were capital in nature and relate to the area of interest;<br>• Reviewing and enquiring with management the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves;<br>• Enquiring with management and reviewing budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; and<br>• Critically assessing and evaluating management's assessment that no indicators of impairment existed at the reporting date. |

## 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 2019, 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. 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 2019.

In our opinion, the Remuneration Report of Celsius Resources Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

*Responsibilities*

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

RSM
RSM AUSTRALIA PARTNERS

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2019

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 September 2019.

**(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 | 276 | 6,044 | 0.00% |
| 1,001 – 5,000 | 211 | 833,716 | 0.11% |
| 5,001 – 10,000 | 296 | 2,464,509 | 0.33% |
| 10,001 – 100,000 | 1,347 | 57,720,043 | 7.62% |
| 100,001 – 9,999,999,999 | 830 | 696,193,769 | 91.94% |
| **Total** | **2,960** | **757,218,081** | **100.00%** |

**Unmarketable Parcels**

| | Minimum Parcel Size | Holders | Units |
|---|---|---|---|
| Minimum $500.00 parcel at $0.017 per unit | 29,412 | 1,356 | 14,286,968 |

**(b) Twenty largest shareholders**

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

| Rank | Name | Units | % of Units |
|---|---|---|---|
| 1 | J P MORGAN NOMINEES AUSTRALIA LIMITED | 34,515,537 | 4.56% |
| 2 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 33,012,620 | 4.36% |
| 3 | CITICORP NOMINEES PTY LIMITED | 24,883,763 | 3.29% |
| 4 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C> | 24,191,950 | 3.19% |
| 5 | MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG <BORG FAMILY SUPER A/C> | 22,000,000 | 2.91% |
| 6 | SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C> | 19,800,000 | 2.61% |
| 7 | GAKS INVESTMENT HOLDINGS PTY LTD <GAKS INVESTMENT A/C> | 18,500,000 | 2.44% |
| 8 | BNP PARIBAS NOMS PTY LTD <DRP> | 15,293,612 | 2.02% |
| 9 | MRS YUQI ZHANG GOEREE | 15,000,000 | 1.98% |
| 10 | BRIJOHN NOMINEES PTY LTD <NELSONIO A/C> | 14,884,328 | 1.97% |
| 11 | PHEAKES PTY LTD <SENATE A/C> | 14,500,000 | 1.91% |
| 12 | MR ANDREW GRAHAM PALLESON & MRS HUI PALLESON <PALLESON SUPERFUND A/C> | 12,341,000 | 1.63% |
| 13 | LTL CAPITAL PTY LTD | 12,276,795 | 1.62% |
| 14 | JAMBER INVESTMENTS PTY LTD <THE AMBER SCHWARZ FAM A/C> | 11,000,000 | 1.45% |
| 15 | MR JABIN GEOFFREY MULLANE | 9,500,000 | 1.25% |
| 16 | OTIS DEVELOPMENTS PTY LTD | 7,520,000 | 0.99% |
| 17 | BNP PARIBAS NOMS PTY LTD <DRP> | 5,726,924 | 0.76% |
| 18 | MR STEVEN PAUL LOVELESS | 5,300,000 | 0.70% |
| 19 | MR DEAN ANDREW KENT <WATTLE A/C> | 5,000,000 | 0.66% |
| 20 | GARY ROBERT MARSHALL | 4,286,817 | 0.57% |
| Total | | **309,533,346** | **40.88%** |
| Total Issued Capital | | **757,218,081** | **100.00%** |

**(c) Voting rights**

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

**(d) 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

**(e) Schedule of interest in mining tenements**

| Location | Tenement | Percentage held / earning |
|---|---|---|
| Namibia | EL 4346 | 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% |