RESOURCES & ENERGY GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Resources & Energy Group Limited
Contents

Resources & Energy Group Limited
Corporate Directory

Directors
Gavin Rezos
Richard Poole
Virginia Bruce

Secretary
Warren Kember

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Email: enquiries@boardroomlimited.com.au

Auditor
LNP Audit and Assurance Pty Limited
Level 14, 309 Kent Street
Sydney, NSW 2000

Stock exchange listing

Resources & Energy Group Limited's fully paid ordinary shares are listed on the Australian Securities Exchange (ASX:REZ)

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Solicitor
Steinepreis Paganin
Level 4, 16 Milligan Street
Perth, WA 6000

Bankers
National Australia Bank
255 George Street
Sydney, NSW 2000

The directors present their report together with the annual Financial Report of Resources & Energy Group Limited (Company) and its controlled entities (the Group or consolidated entity) for the year ended 30 June 2019 and the Independent Audit Report thereon.

DIRECTORS

The details of directors of the Company at any time during or since the end of the financial year to the date of this report are set out below.

Names, qualifications, experience and special responsibilities

<u>Mr Gavin Rezos</u>
Bachelor of Laws, LLB, BA
Chairman, non-executive director, independent
Appointed: 22 April 2016
Completed years of service: 3 years

Mr Rezos has extensive Australian and international investment banking experience and is a former investment banking Director of HSBC Group with regional roles during his career in London, Sydney and Dubai. Mr Rezos has held chief executive officer positions and executive directorships of companies in the technology sector in Australia, the United Kingdom, the US and Singapore and was a non-executive director of Rowing Australia, the peak Olympics sports body for rowing in Australia from 2009 to 2014. He is currently the Non-Executive Chairman of Alexium International Group Limited and a principal of Viaticus Capital LLC. Non-executive director positions held during the past 3 years include Iluka Resources Limited and Department 13 International Limited.

<u>Mr Richard Poole</u>
Bachelor of Laws, Bachelor of Commerce, LLB, ASIA
Director and Chief Executive Officer, non-independent
Appointed: 12 July 2004
Completed years of service: 15 years

Mr Poole commenced his career as a lawyer specialising in mergers and acquisitions. He left the law in 1990 to build a research and development operation with operations in Japan, USA and Australia and added a manufacturing company in China in 1994. He successfully built the R&D company from its early stages to a public listed vehicle raising the necessary capital up to his departure in 1999. Since 1999 he has continued his involvement in fund raising and the development of companies. He is a principal of Arthur Phillip Pty Limited a corporate advisory firm providing investment services and he is an experienced corporate advisor and entrepreneur.

<u>Ms Virginia Bruce</u>
Non-executive director, independent
Appointed: 6 December 2004
Completed years of service: 14 years

Ms Bruce's international reputation was developed through her key role in developing International brand and business strategies for many Fortune 500 brands including Warner Bros, Mattel, Avon, Disney, Kelloggs, Audi, Volkswagen, Coca Cola, Network 7 including four back to back Olympics starting with the Sydney Olympic Games. She has worked extensively in the USA, Australia, Asia, China, Middle East and Europe, establishing business operations in all of these markets. Ms Bruce is currently the CEO of The REAL Group, which focuses on social development and mentoring programs.

Mr James Croser
Bachelor of Engineering
Director, non-independent
Appointed: 19 May 2016, Resigned: 16 October 2018
Completed years of service: 2 years

Mr Croser is a qualified mining engineer from the Western Australian School of Mines, with over 20 years mining experience in the Australian resource sector. Mr Croser has held operational, technical and management roles at numerous hard rock mines particularly in the Kalgoorlie region, including Silver Swan, Bullant, Daisy-Milano and Frog's Leg. He has recently been General Manager of a Perth based mining consultancy company and the Managing Director of ASX listed Kalgoorlie Mining Company Limited until its takeover in mid 2013. Mr Croser was the founding director of Radio Gold Pty Limited (formerly Brightsun Enterprises Pty Limited), which was acquired by the Group in March 2016.

Company Secretary

Mr Warren Kember
Bachelor of Commerce, MBA, Dip Applied Finance
Chief Financial Officer and Company Secretary
Completed years of service: 3 years

Mr Kember is the Chief Financial Officer and Company Secretary of the Group and is responsible for directing all financial, legal and risk management. Mr Kember has significant experience in executive finance having served as Chief Financial Officer for a number of ASX listed companies in the construction, mining and technology sectors.

Interests in the shares and options of the company and related bodies corporate
As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Gavin Rezos	10,250,000	7,500,000
Mr Richard Poole	67,987,302	-
Ms Virginia Bruce	50,000	-

Directors' meetings
The number of meetings of directors (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director were as follows:

	Directors' meetings	
	Eligible to attend	Attended
Mr Gavin Rezos	6	6
Mr Richard Poole	6	6
Ms Virginia Bruce	6	6
Mr James Crosser	2	2

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend. (2018: $Nil).

PRINCIPAL ACTIVITIES

The principal activities of the Group are to explore and develop suitable mineral deposits, including gold and silver.

The Group had 4 employees at 30 June 2019 (2018: 5 employees).

OPERATING RESULTS FOR THE YEAR

Financial results

The loss after tax of the Group for the year ended 30 June 2019 was $4,160,253 (2018: $3,431,387).

The reduction in operating loss included the following items:

(i) a loss of $450,906 from operations at the Radio Gold mine site, a reduction from the prior year of $1,077,534;

(ii) gain on acquisition of East Menzies mine tenements $271,945;

(iii) finance expense of $322,457 relating to interest and amortisation expense of Project Development Notes (PDNs), down from the prior year of $611,670 due to the conversion of PDNs to ordinary share capital and interest forgiven by the holders; and

(iv) an expense of $2,715,524 relating to the reduction of the conversion price of PDNs to 5 cents per share.

Capital Restructure

During the financial year the Company issued a total of 205,078,225 ordinary shares at a deemed issue price of 5 cents each, consisting of:

(i) 32,400,000 with a value of $1,620,000 as part of the consideration for the acquisition of 100% of the issued share capital of Menzies Goldfield Pty Limited;

(ii) 87,920,000 as consideration for the repurchase of project development notes of $4,396,000 and cancellation of related options;

(iii) 35,950,000 for cash consideration of $1,797,500;

(iv) 38,808,225 in settlement of outstanding loans and payables of $1,940,411; and

(iv) 10,000,000 as consideration for prepayment of drilling services of $500,000

The Company also repurchased and cancelled 7,500,000 ordinary shares.

Radio Gold Pty Limited

The Radio Gold Mine site is located 8km north west of Bullfinch, Western Australia, 400km east of Perth and 40km north of Southern Cross, and within the Southern Cross Greenstone Belt in the Yilgarn Craton. During the financial year bulk sampling test work produced 252 ounces of gold which generated revenue of $434,612, a yield of 5 grams/tonne of material processed. Work continued on development of a mine plan for the site along with a drilling program to determine the extent of the mineral resource.

Mount Mackenzie

The Mount Mackenzie Gold Project is located 150km north west of Rockhampton, Queensland. The project includes a 28.4km2 tenement package held by the Group.

During the financial year the company acquired an airborne hyperspectral survey, which has been completed over the company's tenement holdings and the results of the survey are currently being assessed. Initial evaluation has identified low PH alteration assemblages, which are the signature of high sulphidation epithermal mineralisation. These alteration assemblages are coincident with surface gold, copper, lead and zinc soil geochemical anomalies previously announced over the Clive Creek area. Significantly, comparable alteration has been identified over the Mount Mackenzie mineral resource area. The survey work has highlighted a number of areas within the Mount Mackenzie prospect area, which have not been previously drill tested, and are being evaluated.

Planning work associated with a program of diamond and reverse circulation drilling at Mount Mackenzie has also been prepared to test weathering limits and the extent of primary mineralisation beneath the North Knoll and SW Slopes prospects. Exploration planning associated with testing mineralisation associated with the Clive Creek prospects (Quinine Gully and Sphinx) has also been completed.

East Menzies

The East Menzies Gold Project was acquired during the year for total consideration of $2.1 million is located 130km north of Kalgoorlie. The project has a collective surface area of 103km2 and consists of over 46 tenements, a mxiture of mining lease's, mining lease applications, prospecting lease's and prospecting lease applications. These mining and exploration instruments are host to a 20km continuous strike of a mineralised Greenstone Belt, including the Springfield Venn Gold Corridor, and the Goodenough Syncline.

Since acquisition a total of 194 soil samples have been collected from a number of tenements for mobile metal Ion analysis which were subject to assay analysis. Work on compiling and evaluating historical exploration data has commenced, and the Company is in the process of assembling a complete data base representing all historical and recent exploration data. The database includes data from 13,895 holes, 17,090 geochemcial samples and 97,502 assay intervals.

An analysis of the drilling data acquired has highlighted the overall shallow tenor of previous exploration. This historical approach to drilling shallow drill holes has highlighted areas of near surface mineralisation, however, there still remains signifant exploration potential for further discoveries at depth and within areas that have yet to be drill tested. A review of the open file multi element geochemical data as well as information contained within the project databases, has revealed large coincident gold, arsenic, lead and sulphur anomalies within the Menzies tenement package. Many of these have never been followed up by modern drillng. The geochemical samples when incorported into the database show areas that have known gold deposits, such as Granny Venn-Caesar which has a very consistant and focused gold-in-soil response.

All historical projects within the Menzies region were imported into a 3D geology program and their data validated to identifiy missing data and data errors. The projects include Granny Venn, Caesar, Jenny Venn, Goodenough, Maranoa and Gigante Grande as well as many other smaller prospects. Each of the projects have had drilling planned to extend the known mineralistion down dip and or along strike.

Tenement Schedule

Tenements held by the Group as of 30 June 2019 were as follows.

State	Project	Number	Status	REZ beneficial ownership	Expiry
Queensland	Mt Mackenzie	EPM10006	Live	100.00%	28/03/2023
Western Australia	Radio Gold	ML77/633	Live	100.00%	24/08/2036
Western Australia	Radio Gold	L77/81	Live	100.00%	18/01/2020
Western Australia	Radio Gold	P77/4492	Live	100.00%	31/07/2022
Western Australia	Menzies	E29/979	Live	100.00%	23/02/2022
Western Australia	Menzies	L29/61	Live	100.00%	31/03/2020
Western Australia	Menzies	M29/141	Live	100.00%	31/07/2033
Western Australia	Menzies	M29/189	Live	100.00%	15/10/2019
Western Australia	Menzies	M29/427	Live	100.00%	11/02/2040
Western Australia	Menzies	P29/2220	Live	100.00%	30/07/2020
Western Australia	Menzies	P29/2221	Live	100.00%	30/07/2020
Western Australia	Menzies	P29/2223	Live	100.00%	4/09/2020
Western Australia	Menzies	P29/2224	Live	100.00%	4/09/2020
Western Australia	Menzies	P29/2225	Live	100.00%	4/09/2020
Western Australia	Menzies	P29/2226	Live	100.00%	4/09/2020
Western Australia	Menzies	P29/2227	Live	100.00%	4/09/2020
Western Australia	Menzies	P29/2228	Live	100.00%	4/09/2020
Western Australia	Menzies	P29/2242	Live	100.00%	17/01/2021
Western Australia	Menzies	P29/2243	Live	100.00%	17/01/2021
Western Australia	Menzies	P29/2244	Live	100.00%	17/01/2021
Western Australia	Menzies	P29/2245	Live	100.00%	17/01/2021
Western Australia	Menzies	P29/2246	Live	100.00%	17/01/2021
Western Australia	Menzies	P29/2247	Live	100.00%	17/01/2021
Western Australia	Menzies	P29/2248	Live	100.00%	17/01/2021
Western Australia	Menzies	P29/2270	Live	100.00%	22/04/2021
Western Australia	Menzies	P29/2391	Live	100.00%	2/04/2021
Western Australia	Menzies	P29/2395	Live	100.00%	19/04/2021
Western Australia	Menzies	P29/2408	Live	100.00%	2/07/2021
Western Australia	Menzies	P29/2409	Live	100.00%	28/09/2021
Western Australia	Menzies	P29/2455	Live	100.00%	31/01/2023
Western Australia	Menzies	P29/2456	Live	100.00%	31/01/2023
Western Australia	Menzies	P29/2457	Live	100.00%	31/01/2023
Western Australia	Menzies	P29/2458	Live	100.00%	31/01/2023
Western Australia	Menzies	P29/2459	Live	100.00%	31/01/2023
Western Australia	Menzies	P29/2460	Live	100.00%	31/01/2023
Western Australia	Menzies	P29/2461	Live	100.00%	31/01/2023

State	Project	Number	Status	REZ beneficial ownership	Expiry
Western Australia	Menzies	P29/2469	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2470	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2471	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2472	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2473	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2474	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2492	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2494	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2495	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2496	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2497	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2500	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2528	Pending	100.00%	31/01/2023
Western Australia	Menzies	P29/2537	Pending	100.00%	31/01/2023

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year the following significant changes occurred.

The Company undertook a capital raising and restructure of its financial position to facilitate development of its mining interests, which included the issue of its ordinary shares for cash, settlement of existing debts and payables and as partial settlement for the acquisition of 100% of Menzies Goldfield Pty Limited, a company which has mining tenements near the town of Menzies in Western Australia.

As set out in the Operating Results section above, a total of 205,078,225 ordinary shares were issued.

During the financial year, trading of the Company's ordinary shares on the Australian Stock Exchange was subject to a voluntary suspension while the Group conducted its financial restructure. The suspension ended on 28 June 2019.

GOING CONCERN

The directors have prepared financial statements on a going concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. At 30 June 2019, the Group's current assets of $1,074,174 (2018: $177,281) were less than current liabilities of $1,659,020 (2018: $2,847,736).

Included in current liabilities is $372,000 being the estimated current portion of unsecured interest bearing liabilities and trade payables of $1,251,490.

For the 12 months ended 30 June 2019 the Group reported a loss after taxation of $4,160,253 (2018: $3,431,387), and net cash used by operating activities was $1,461,922 (2018: $1,620,994).

During the current phase of development the generation of sufficient funds from operating and financing activities in accordance with the Group's current business plan and growth forecasts is dependent on one or more of the following matters being successfully realised:

(i) the availability of equity and financing facilities to fund working capital requirements;

(ii) realising value from its assets through joint ventures or outright sale;

(iii) the ability for the directors to scale back activities in order to preserve cash when required; and

(iii) continuing financial support from directors or related parties.

The directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are satisfied regarding the Group's ability to maintain the continued financial support of its directors, current financiers, creditors and shareholders.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

In July 2019 project development notes with a value of $183,000 were repaid together with interest owing and 3,100,000 related options were cancelled. It has been agreed to settle the remaining balance owing of $189,000 via the issue of 3,780,000 ordinary shares of the Company.

In August 2019 the Company completed a placement of 28,000,000 ordinary shares at 4 cents each raising a total of $1,120,000. Commitments have been obtained for the placement of an additional 47,000,000 ordinary shares at a price of 4 cents each raising $1,880,000, subject to the approval of the Company's shareholders.

In August 2019 the Company signed a farm-in agreement in respect of its Radio Gold mining leases with an unrelated entity, Sulphide X Limited (SXL). The agreement provides that SXL will be entitled to a 50% interest in Radio Gold after undertaking $4,000,000 in expenditure on exploration and development of the Radio Gold mine over a two year period. SXL may acquire an additional 25% interest in Radio Gold by further expenditure of $2,000,000. The Company has the right to retain a 25% interest in Radio Gold, and will retain 50% of gold sale proceeds after operating costs. Subsequent to the execution of the farm-in agreement, Valor Resources Limited has acquired control of SXL.

There have been no other significant events occurring after the balance date which may affect either the Group's operations, results of those operations or the Group's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Apart from the matters referred to above in the Operating Results for the year other likely developments in the operations of the Group and the expected results of those operations in subsequent financials years have not been included in this report because the directors believe this could result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Exploration and development activities are subject to State and Federal laws and regulations. The Group has a policy of complying with its environmental performance obligations as a minimum, and during the reporting period, there has been no known breach of the environment regulations. The Group is committed to ensuring the activities of its business are conducted in a way so as to minimise adverse impacts on the environment and local communities.

UNISSUED SHARES UNDER OPTIONS

There were 14,100,000 share options on issue as at 30 June 2019 that can convert to ordinary shares in the ratio of one fully paid ordinary share for each share option. No share options have been issued subsequent to the end of the financial year to the date of this report.

Option class	Vesting conditions	Grant date	Expiry date	Exercise price	Number of share options
Class D (i)	Vested	9/11/2015	31/12/2019	$0.12	1,000,000
Class E (ii)	na	22/04/2016	31/03/2021	$0.12	3,100,000
Class F	na	20/06/2016	31/03/2021	$0.12	5,000,000
Class G	Vested	20/06/2016	31/03/2021	$0.12	2,500,000
Class H	na	6/12/2016	Cancelled	$0.14	-
Class I	Vested	6/12/2016	31/03/2021	$0.12	250,000
Class J	Vested	6/12/2016	31/03/2021	$0.14	250,000
Class K	na	10/11/2017	Cancelled	$0.14	-
Class L	Vested	18/12/2017	15/12/2022	$0.14	1,000,000
Class M	Vested	18/12/2017	15/12/2022	$0.14	1,000,000
Share options on issue at 30 June 2019					**14,100,000**

(i) Class D options were valued at nil due to uncertainty as to whether vesting condition will be met

(ii) Class E 15,466,667 options were cancelled in May 2019. Subsequent to the end of the financial year a further 3,100,000 options were cancelled.

(iii) Class H 11,000,000 options were cancelled in May 2019

(iii) Class K 7,142,857 options were cancelled in May 2019

(iv) No shares were issued during the financial year as a result of the exercise of options

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

REZ's constitution indemnifies, to the extent permitted by law, officers of the Group when acting in their capacity in respect of:

- liability to third parties (other than related entities) when acting in good faith; and
- costs and expenses of successfully defending legal proceedings and ancillary matters.

The Directors and the Company Secretary named earlier in this report have the benefit of the indemnity together with any other person in or who takes part in the management of the Group.

During the year REZ did not pay any premiums of insurance in respect of contracts insuring Directors, Company Secretary or other members of management against liabilities incurred in their capacity as Director or officers of the Group.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility for the company for all or any part of those proceedings. The Company and Group were not party to any such proceedings during the financial year.

AUDITOR INDEPENDENCE

A copy of the external auditor's declaration under Section 370C of the Corporations Act in relation to the audit for the financial year is attached to the Financial Statements.

NON-AUDIT SERVICES

No non-audit services were provided during the current year by the auditor.

REMUNERATION REPORT (AUDITED)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, including executive and non-executive directors.

During the financial year ended 30 June 2019, KMP consisted of:

Mr Gavin Rezos	Non-executive director and Chairman
Mr Richard Poole	Executive Director
Mr Christian Price	Acting Chief Executive Officer
Ms Virginia Bruce	Non-executive director
Mr Warren Kember	Chief Financial Officer and Company Secretary
Mr James Croser	Non-executive director (resigned 16 October 2018)

Principles used to determine the nature and amount of remuneration

In order for the Company and Group to prosper and enhance shareholder value, the Group must be able to attract and retain the highest calibre of executives. At this stage of the Group's development, a framework has not been developed that links performance and KMP remuneration. The responsibilities of the Remuneration Committee, which have been assumed by the full Board, include reviewing the remuneration of KMP and determining the nature and amount of emoluments of KMP on an annual basis. In conducting this review reference is made to market and industry conditions. Remuneration packages, can consist of base salary, fringe benefits, incentive schemes (including performance related bonuses), superannuation, and entitlements upon retirement or termination, are reviewed with due regard to performance and other relevant factors.

Where appropriate, share-based remuneration is provided to encourage KMP to focus on improving shareholder value and also to reduce cash costs during the Group's development phase.

The aggregate amount of non-executive director fees is limited to $200,000 per annum as per a resolution of shareholders. For further information, please refer to our corporate governance plan and annual governance statement on our web site at www.rezgroup.com.au.

Short-term incentives and long-term incentives

Due to the current size of the Group and the extent of its operations limited short-term incentives, such as performance based bonuses or longer term incentives, were provided to KMP other than as shown below.

Details of remuneration

Amounts paid or owing to KMP during the financial year ended 30 June 2019 are set out below.

Year ended 30 June 2019	Short-term benefits Salary & fees $	Post employment Superannuation $	Share-based payments Equity settled $	Total $
Mr Gavin Rezos (iii)	48,000	-	-	48,000
Mr Richard Poole (iii)	33,000	-	-	33,000
Mr Christian Price (iv)	105,000	9,975		114,975
Ms Virginia Bruce (iii)	36,000	-	-	36,000
Mr James Croser (i)	9,000	-	-	9,000
Mr Warren Kember (ii)	-	-	-	-
	231,000	**9,975**	**-**	**240,975**

(i) Mr Croser resigned as a director on 16 October 2018

(ii) Remuneration forms part of the fees charged by a director related entity. Details of the nature of the engagement and the amount of fees charged are provided in Note 22 of the financial statements.

(iii) Directors fees are unpaid as of 30 June 2019.

(iv) Remuneration from date of appointment as Acting Chief Executive Officer 1 December 2018.

Amounts paid or owing to KMP during the financial year ended 30 June 2018 are set out below.

Year ended 30 June 2018	Short-term benefits Salary & fees $	Post employment Superannuation $	Share-based payments Equity settled $	Total $
Mr Gavin Rezos	48,000	-	-	48,000
Mr Richard Poole	33,000	-	-	33,000
Ms Virginia Bruce	36,000	-	-	36,000
Mr James Croser	150,355	10,547	-	160,902
Mr Warren Kember	-	-	-	-
	267,355	**10,547**	**-**	**277,902**

The percentage of total remuneration provided in the form of share-based payments for all KMP for the current financial year was nil.

Service agreements

The non-executive directors did not enter into any service agreements with the Group. The responsibilities of the Nomination Committee, which have been assumed by the full board, includes reviewing the appointment and retirement of Non-Executive Directors on a case by case basis. Currently all directors are required to be re-elected at least every three years and at least one-third of directors must retire at each Annual General Meeting.

The details of a service agreement entered into with the Chief Executive Officer are as follows:

Name	Christian Price
Title	Acting Chief Executive Officer
Agreement commenced	1 December 2018
Term of agreement	No fixed term, termination by either party with 1 months notice
Short and long term incentives	No incentive arrangements have been agreed
Remuneration	$180,000 plus superannuation per annum

Share options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of KMP in the prior, current financial year or future reporting years are as follows:

Option class/Holder	Number of share options	Grant date	Expiry date	Exercise price	Fair value per option at grant date
Class F Mr Gavin Rezos	5,000,000	20/06/2016	31/03/2021	$0.12	$0.03
Class G Mr Gavin Rezos	2,500,000	20/06/2016	31/03/2021	$0.12	$0.03
Class I Mr Christian Price	250,000	6/12/2016	31/03/2021	$0.12	$0.03
Class J Mr Christian Price	250,000	6/12/2016	31/03/2021	$0.14	$0.02
Class L Mr Christian Price	1,000,000	18/12/2017	15/12/2022	$0.14	$0.03
Class M Mr Christian Price	1,000,000	18/12/2017	15/12/2022	$0.14	$0.03
	10,000,000				

Share options carry no entitlement to dividends or right to vote. No share options were exercised, cancelled or lapsed during the current or prior financial year. No person entitled to exercise share options had or has any right by virtue of the options to participate in any share issue of any other body corporate.

Movements in Shares held by Key Management Personnel

2019	Balance at the start of the year	Granted as compensation	Net other change	Balance at the end of the year
Mr Gavin Rezos	250,000	-	10,000,000	10,250,000
Mr Richard Poole (i)	14,067,302	-	53,920,000	67,987,302
Ms Virginia Bruce	50,000	-	-	50,000
Mr James Croser (ii)	3,597,022	-	(1,798,511)	1,798,511
Mr Chrsitian Price	-	-	-	-

(i) Net change other movements were ordinary shares issued to the director's related entities to settle outstanding amounts

(ii) 3,597,022 ordinary shares were issued to Mr Croser pursuant to the acquisition of Radio Gold Pty Limited (formerly Brightsun Enterprises Pty Limited). Of these ordinary shares, 1,798,511 are subject to a performance condition as set out in Note 14 of the Financial Statements and were subject to a share buyback during the financial year.

Movements in Share Options held by Key Management Personnel

2019	Balance at the start of the year	Granted as compensation	Granted on subscription to loan	Net other change	Balance at the end of the year
Mr Gavin Rezos	15,833,334	-	-	(8,333,334)	7,500,000
Mr Richard Poole	6,250,000	-	-	(6,250,000)	-
Ms Virginia Bruce	-	-	-	-	-
Mr James Croser	-	-	-	-	-
Mr Christian Price	2,500,000	-	-	-	2,500,000
Mr Warren Kember	-	-	-	-	-

End of remuneration report

Signed in accordance with a resolution of the directors.

Mr Gavin Rezos
Chairman
Sydney, 27 September 2019

Resources & Energy Group Limited
Mineral Resources and Ore Reserves

Group mineral resources as at 30 June 2019 were estimated at 2.5 million tonnes at 1.54g/t Au for 128,700 ounces. Mineral resource figures have been prepared in accordance with the requirements of 2012 Edition of the 'Australasian Code for Reporting of Exploration Results.

Mineral Resources

Project	Type	Cut off	Indicated					Inferred					Total				
		(g/t)	Tonnes (kt)	Gold grade (g/t)	Gold metal (koz)	Silver grade (g/t)	Silver metal (koz)	Tonnes (kt)	Gold grade (g/t)	Gold metal (koz)	Silver grade (g/t)	Silver metal (koz)	Tonnes (kt)	Gold grade (g/t)	Gold metal (koz)	Silver grade (g/t)	Silver metal (koz)
30 June 2019																	
Mount Mackenzie	Underground																
Oxide		0.43	450	1.18	17.0	9	130	520	1.18	20.0	4	67	970	1.18	37.0	7	197
Primary		0.58	700	1.42	32.0	14	315	700	1.37	31.0	5	112	1,400	1.39	63.0	9	427
Radio Gold	Underground																
Main Lode		1.00	25	3.81	3.2	-	-	76	3.47	8.5	-	-	101	3.55	11.7	-	-
East Lode		1.00	25	5.33	4.2	-	-	84	4.72	12.8	-	-	109	4.85	17.0	-	-
			1,200	1.46	56.4	11	445	1,380	1.62	72.3	3	179	2,580	1.54	128.7	6	624
30 June 2018																	
Mount Mackenzie	Underground																
Oxide		0.43	450	1.18	17	9	130	520	1.18	20.0	4	67	970	1.18	37	7	197
Primary		0.58	700	1.42	32	14	315	700	1.37	31.0	5	112	1,400	1.39	63	9	427
Radio Gold	Underground																
Main Lode		1.00	25	3.81	3.2	-	-	76	3.47	8.5	-	-	101	3.55	11.7	-	-
East Lode		1.00	25	5.33	4.2	-	-	84	4.72	12.8	-	-	109	4.85	17.0	-	-
			1,200	1.27	56.4	11	445	1,380	1.14	72.3	3	179	2,580	1.54	128.7	6	624

Competent Persons Statement and Consent

The information in this release that relates to mineral resources is based on and fairly represents information compiled by Mr. Michael Johnstone and Mr Todd Axford and who are members of the Australasian Institute of Mining and Metallurgy, and Principal Consultants for Minerva Geological Services (MGS) and Geko Co (GKC) respectively. MGS and GKC have been contracted by Resources & Energy Group Limited (the Company) to provide exploration management, advice and guidance to the company. Both Mr. Axford and Mr Johnstone have sufficient technical experience that is relevant to the reporting of exploration results to qualify as a competent person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Axford and Mr Johnstone consent to the inclusion in this release of the matters based on their information in the form and context in which it appears.

This presentation contains information initially provided in releases made by the Company to the ASX on 26 February 2016 and 21 June 2016 concerning the Mt Mackenzie Resource and 3 July 2018 concerning Radio Gold. The Company is not aware of any new information or data that materially affects the information included in previous ASX announcements and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

Resources & Energy Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 $	2018 $
Revenue from continuing operations			
Sales revenue	**4(a)**	**434,612**	426,437
Cost of sales	**4(b)**	**(885,518)**	(1,954,877)
		(450,906)	(1,528,440)
Other income	**4(a)**	**765,909**	-
Administration		**(585,950)**	(419,246)
Director fees		**(126,000)**	(161,862)
Employee benefits expense	**4(c)**	**(412,318)**	(427,812)
Finance costs	**4(d)**	**(322,457)**	(611,670)
Depreciation		**(52,148)**	(58,298)
Share-based payments expense		**-**	(40,589)
Other expenses		**(260,858)**	(183,470)
Value of incremental shares issued on conversion of project development notes	**14(i)**	**(2,715,524)**	-
Loss before income tax		**(4,160,253)**	(3,431,387)
Income tax benefit	**5**	-	-
Loss after tax from continuing operations		**(4,160,253)**	(3,431,387)
Other comprehensive income		**-**	-
Total comprehensive loss for the year attributable to the owners of Resources & Energy Group Limited		**(4,160,253)**	(3,431,387)
Total comprehensive loss is attributable to:			
- shareholders of Resource & Energy Group Limited		**(4,156,854)**	(3,427,606)
- non- controlling interests		**(3,399)**	(3,781)
		(4,160,253)	(3,431,387)
Loss per share (cents per share) – basic and diluted	**16**	**(3.08)**	(3.53)

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

Resources & Energy Group Limited

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	6	**1,035,939**	108,027
Trade and other receivables		**18,235**	49,254
Other assets	7	**20,000**	20,000
Total current assets		**1,074,174**	177,281
Non-current Assets			
Property, plant and equipment	8	**405,420**	457,568
Exploration and evaluation assets	9	**5,138,321**	1,712,668
Mine development	10	**3,647,061**	3,659,784
Total non-current assets		**9,190,802**	5,830,020
Total assets		**10,264,976**	6,007,301
Liabilities			
Current liabilities			
Trade and other payables	11	**1,251,490**	1,675,614
Interest-bearing loans and borrowings	12	**372,000**	1,151,646
Provisions	13	**35,530**	20,476
Total current liabilities		**1,659,020**	2,847,736
Non-current liabilities			
Interest-bearing loans and borrowings	12	**104,630**	3,476,615
Provisions	13	**1,099,098**	583,200
Total non-current liabilities		**1,203,728**	4,059,815
Total liabilities		**2,862,748**	6,907,550
Net assets		**7,402,228**	(900,249)
Equity			
Issued capital	14	**28,535,748**	14,712,060
Reserves	15	**214,309**	1,575,267
Retained earnings		**(23,713,266)**	(19,556,412)
Total equity attributable to the shareholders of Resources & Energy Group Limited		**5,036,791**	(3,269,085)
Non-controlling interests		**2,365,437**	2,368,836
Total equity		**7,402,228**	(900,249)

This consolidated statement of financial position should be read in conjunction with the notes to the financial statements

Resources & Energy Group Limited

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		**434,612**	426,437
Payments to suppliers and employees		**(1,894,038)**	(2,028,236)
Interest paid		**(2,740)**	(19,727)
Interest received		**244**	532
Net cash flows used in operating activities	**6(b)**	**(1,461,922)**	(1,620,994)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(0)**	(47,225)
Exploration and evaluation costs capitalised		**(37,804)**	(131,520)
Mine development costs capitalised		**(44,917)**	(78,442)
Deposits		**-**	100,000
Net cash flows used in investing activities		**(82,721)**	(157,188)
Cash flows from financing activities			
Proceeds from borrowings		**300,000**	1,409,000
Repayment of borrowings		**-**	(17,244)
Proceeds from borrowings - related party, net		**423,888**	170,743
Share placement		**2,248,667**	-
Net cash flows provided by financing activities		**2,972,555**	1,562,499
Net decrease in cash and cash equivalents		**1,427,912**	(215,683)
Cash and cash equivalents at beginning of period		**108,027**	323,710
Cash and cash equivalents at end of period	**6(a)**	**1,535,939**	108,027

This consolidated statement of cash flow should be read in conjunction with the notes to the financial statements

Resources & Energy Group Limited

Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Issued capital $	Share option reserve $	Retained earnings $	Non-controlling interests $	Total $
Balance at 1 July 2017	**14,666,238**	**1,378,273**	**(16,128,806)**	**2,372,617**	**2,288,322**
Total comprehensive income for the year			(3,427,606)	(3,781)	(3,431,387)
Issue of options	-	55,149	-	-	55,149
Cancellation of options	-	(14,560)	-	-	(14,560)
Transfer to equity on conversion of options	45,822	(45,822)			-
Recognition of equity component on issue of project development notes		325,181			325,181
Capital raising cost		(122,954)			(122,954)
Balance at 30 June 2018	**14,712,060**	**1,575,267**	**(19,556,412)**	**2,368,836**	**(900,249)**
Balance at 1 July 2018	**14,712,060**	**1,575,267**	**(19,556,412)**	**2,368,836**	**(900,249)**
Total comprehensive income for the year	-	-	(4,156,854)	(3,399)	(4,160,253)
Issue of shares	10,223,911	-	-	-	10,223,911
De-recognition of equity component on issue of project development notes on early repayment	-	(361,648)	-	-	(361,648)
Value of incremental shares issued on covnersion of project development notes	2,715,524				2,715,524
Transfer from reserve on conversion of project development notes	999,310	(999,310)			-
Capital raising cost	(115,057)	-	-	-	(115,057)
Balance at 30 June 2019	**28,535,748**	**214,309**	**(23,713,266)**	**2,365,437**	**7,402,228**

This consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements

1 Corporate informaton

Resources & Energy Group Limited (the "Company") is a listed public company incorporated and domiciled in Australia. The consolidated financial statements for the year ended 30 June 2019 comprise the Company and its controlled entities (together referred to as the "Group").

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

The consolidated financial statements were approved by the Board of Directors on 27 September 2019.

The principal accounting policies are set out below. These policies have been consistently applied unless otherwise noted.

2 Summary of significant accounting policies

a Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

For the purposes of preparing the consolidated financial statements, the Company is a for-profit listed public entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements have been prepared on the basis of historical cost, except where assets or liabilities are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars.

b Change in accounting policy

The Group has adopted AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments on 1 July 2018. Changes to accounting policies are described below.

AASB 15 Revenue from Contracts with Customers

AASB 15 introduces a changed process for revenue recognition based on identifying when performance obligations are met. Revenue from sale of goods are recognised by the Group when the goods are transferred to the customer, namely from the time the customer gains controls of the goods. While this represents significant new guidance, the application of AASB 15 is not materially different from the previous standard in terms of recognition of revenue from sale of goods (gold). Application of AASB 15 did not impact the way in which the Group accounts for revenue from sale of goods.

AASB 9 Financial Instruments

AASB 9 sets out new requirements for the classification and measurement of financial assets and liabilities and include forward-looking expected loss impairment model. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement . The adoption of AASB 9 did not have a significant effect on the Groups' accounting policy relating to financial liabilities. Trade receivables is the only financial asset that has been impacted by the adoption of the standard, specifically the measurement basis for the impairment of trade receivables which is now based on expected credit loss (ECL). When determining the credit risk for trade receivables, the Group uses quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward looking information. Given the prudent approach to estimating losses on receivables in accordance with the previous standards, the Group did not need to adjust the estimated recoverability of trade receivables on transition to AASB 9.

c Going concern

The directors have prepared financial statements on a going concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. At 30 June 2019, the Group's current assets of $1,074,174 (2018: $177,281) were less than current liabilities of $1,659,020 (2018: $2,847,736).

Included in current liabilities is $372,000 being the estimated current portion of unsecured interest bearing liabilities and trade payables of $1,251,490.

For the 12 months ended 30 June 2019 the Group reported a loss after taxation of $4,160,253 (2018: $3,431,387), and net cash used by operating activities was $1,461,922 (2018: $1,620,994).

During the current phase of development the generation of sufficient funds from operating and financing activities in accordance with the Group's current business plan and growth forecasts is dependent on one or more of the following matters being successfully realised:

(i) the availability of equity and financing facilities to fund working capital requirements;

(ii) realising value from its assets through joint ventures or outright sale;

(iii) the ability for the directors to scale back activities in order to preserve cash when required; and

(iii) continuing financial support from directors or related parties.

The directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are satisfied regarding the Group's ability to maintain the continued financial support of its directors, current financiers, creditors and shareholders.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

d Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

e Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

f Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Carrying value of exploration, evaluation and development assets

The Group capitalises expenditure relating to exploration, evaluation and mine development where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

The Group reclassifies exploration and evaluation expenditure to mine development assets when the Board assess that the mine has reached a point where it is certain that extraction of ore will commence in the immediate future.

Capitalised expenditure for exploration and evaluation is carried at the end of the reporting period at $5,138,321 (2018: $1,712,668). Capitalised expenditure for mine development is carried at the end of the reporting period at $3,647,061 (2018: $3,659,784).

Determination of mineral resources and ore reserves

The Group estimates its Mineral Resources and Ore Reserves in accordance with the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”). The information on mineral resources and ore reserves is prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented in the statement of Mineral Resources and Ore Reserves are determined under the JORC Code where is information is available. When a resource or reserve amount prepared in accordance with the JORC Code for a particular mine is not available, then no amounts are disclosed. For the purposes of impairment testing of assets the Board applies JORC Code verified information when it is available, or otherwise management estimates of potential resources.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation which may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact depreciation and amortisation rates, asset carrying values and impairment assessments.

Amortisation of mine development expenditure

Mine development costs are amortised on a units of production basis over the life of the mine to which they relate and during the financial year costs of $57,640 were amortised. In applying a units of production method, amortisation is calculated using the expected total contained ounces with the mine to achieve a consistent amortisation rate per ounce. To achieve this the amortisation rate is based on the ratio of the annual ounces produced over the expected total contained ounces.

Going concern

The financial statements have been prepared on the basis that the Group is a going concern, refer to Note 2(c) for discussion on the basis of this assumption.

Equity component of converting loans

The equity component that arises from the ability of loan providers to convert their loans into ordinary shares of the Company is calculated with reference to a market rate of interest. Due to the lack of a readily available debt market for the Company at its stage of development, an estimated market rate has been determined.

Share based payments

The costs of the share-based payments are calculated on the basis of the fair value of the equity instrument at grant date. Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. This assumes also the input into the valuation model of some relevant judgments, like the estimated expected life of the share option and the market volatility of the Company's ordinary shares. No share-based payments were issued during the year.

The judgments made and the model used are further detailed in Note 18.

g Revenue recogntion

Current year

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. identifying the contract with a customer;
2. identifying the performance obligations;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and
5. recognising revenue when/as performance obligation(s) are satisfied.

Sale of goods

Revenue from sales of gold is recognised when control of the goods has transferred, being the point in time when the goods have been shipped to the customer. Revenue is only recognised where it is highly probable that a significant reversal of revenue will not occur and control gets completely passed on to the customers.

Costs to obtain a contract

Costs incurred that would have been incurred regardless of whether the contract was won are expensed, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is won).

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Prior year

Revenue from the sale of goods is recognised when there has been a transfer of the risks and rewards to the customers and no further processing is required by the Group, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable and collectibility is probable. Revenue is measured at fair value of the consideration received or receivable. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenue is recognised when the right to receive the revenue has been established.

h Borrowing costs

Borrowing costs are recognised as an expense when incurred.

i Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand, short-term deposits and highly liquid investments with a maturity of three months or less.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

j Financial Instruments

Current year

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

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

Classification

On initial recognition, the Group classifies its financial assets at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets. Assets measured at amortised cost are financial assets where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost. When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Impairment of trade and other receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Group comprise trade and other payables, borrowings and finance lease liabilities.

Prior year

Financial assets and financial liabilities are recognised when a Group entity 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.

(i) Financial assets

Financial assets are classified as financial assets as fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition based on the nature and purpose of a financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the income statement in finance costs for loans or other operating expenses for receivables.

(ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(iii) Financial liabilities

Financial liabilities are classified as trade and other payables, loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as, at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

k Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

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

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

when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or

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

l Goods and services tax (GST)

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

when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

receivables and payables, which are stated with the amount of GST included.

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

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

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

m Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated using a combination of straight-line and diminishing-value basis over the estimated useful life of all assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Property, plant and equipment are depreciate over periods of three to five years.

n Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, including gold and copper, and includes assessing all available geophysical data including gravity, magnetic and seismic and collation of additional data; exploratory drilling; determining and examining the volume and grade of the resource; and cost of acquisition of exploration tenements.

Administration costs that are not directly attributable to a specific exploration area are charged to the profit or loss. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration and evaluation expenditure is capitalised in respect of each identifiable area of interest as the exploration and evaluation activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable gold deposits that are of sufficient scale to support the project concept.

As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indication of impairment. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit) to which the exploration is attributed. When production commences, the assets for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Accumulated exploration and evaluation expenditure in relation to an abandoned area are written-off in full in profit and loss in the period in which the decision of abandon the area is made.

o Mine development expenditure

Mine development costs include costs incurred in preparing and re-opening mine sites for production.

Mine development costs are amortised on a units of production basis over the life of the mine to which they relate. In applying a units of production method, amortisation is calculated using the expected total contained ounces within the mine to achieve a consistent amortisation rate per ounce. The amortisation rate is based on the ratio of the ounces produced annually over the expected total contained ounces.

p Site restoration

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Costs of site restoration are recognised in full at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

q Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the income statement in expenses.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

r Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of either a binominal or Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 18. No share-based payments were issued during the year.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date, with any changes in fair value recognised in profit or loss for the year.

s Employee benefits provision

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other short-term employee benefits are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

t Contributed equity

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.

u Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

v New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the period. The Group has adopted all new standards and interpretations which became mandatorily effective during the period. There has been no significant impact on the reported financial position or performance of the Group on adoption.

AASB 16

This standard is effective for reporting period beginning on or after 1 January 2019. The Group will apply AASB 16 for the annual period beginning 1 July 2019.

Leases

The requirements of this standards will cause the majority of leases to be capitalised onto the statement of financial position. There are exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease.

3 Segment information

As at the date of this report, the Group has two operating segments: gold mine exploration and development and other activities (primarily corporate costs). A previous segement of geothermal mining has been discontinued. The Group has identified its operating segments based on internal reports that are reviewed and used by the chief operating decision maker in assessing performance. The accounting policies and amounts reported for internal reporting are consistent with the financial information in this financial report.

	Gold $	Other $	Total $
2019			
Segement revenue			
Revenue	**434,612**	**-**	**434,612**
Segment expenses			
Mine operating costs	**862,883**	**-**	**862,883**
Depreciation, impairment and amortisation	**74,783**	**-**	**74,783**
Administration and employment costs	**-**	**3,331,343**	**3,331,343**
Finance costs (net interest income)	**-**	**322,457**	**322,457**
	937,666	**3,653,800**	**4,591,465**
Income tax benefit	-	**-**	**-**
Loss after tax from continuing operations	**(503,054)**	**(3,653,800)**	**(4,156,854)**
Segment assets	**9,190,802**	**1,074,173**	**10,264,976**
Segment liabilities	**1,659,020**	**1,203,728**	**2,862,748**
2018			
Segement revenue			
Interest income	426,437	-	426,437
Segment expenses			
Mine operating costs	1,919,872	-	1,919,872
Administration and employment costs	-	1,264,203	1,264,203
Depreciation, impairment and amortisation	58,298	-	58,298
Finance costs (net interest income)	-	611,670	611,670
	1,978,170	1,875,873	3,854,043
Income tax benefit	-	-	-
Loss after tax from continuing operations	(1,551,733)	(1,875,873)	(3,427,606)
Segment assets	5,830,020	177,281	6,007,301
Segment liabilities	2,847,736	4,059,815	6,907,551

		Note	2019 $	2018 $
4	**Revenue and expenses**			
(a)	**Revenue**			
	(i) Gold sales		**434,612**	426,437
	(ii) Other income			
	Gain on acquisition	21	**271,945**	-
	Write back of mangement fees payable to related party	19	**493,964**	-
			765,909	-
(b)	**Cost of sales**			
	Mine operating costs		**862,883**	1,919,872
	Depreciation and amortisation expense		**22,635**	35,005
			885,518	1,954,877
(c)	**Employee benefits expense**			
	Wages and salaries		**370,629**	316,933
	Superannuation benefits		**41,689**	110,879
	Total employee benefits expense		**412,318**	427,812
(d)	**Finance costs**			
	Interest expense - Project Development Notes (i)		**(129,774)**	142,190
	Project Development Notes - equity component amortisation		**446,538**	458,132
	Interest expense - related party (refer Note 22)		**5,940**	11,880
	Less: interest income		**(247)**	(532)
	Finance costs (net)		**322,457**	611,670

(i) During the financial year interest owing to certain holders of project development notes (refer Note 11) converted the amount owing into ordinary shares of the Company and forgave interest owing of $572,312

			2019 $	2018 $
5	**Income tax**			
	Income tax expense - tax benefit written off		**-**	**-**

The Group has tax losses as at the 30 June 2019 of $5,450,616 (2018: $3,051,626). The benefit relating to these and the current year losses has not been recognised in the financial report at 30 June 2019 as it is not probable that future taxable profit will be available against which the Group would be able to utilise these losses.

Tax returns for the Group for the year ended 30 June 2019 are in progress at the date of this report.

Current and prior year tax losses will only be available to offset against future profits if:
(i) the Group and the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the Group and the Company continue to comply with the conditions for deductibility imposed by tax legislation; and
(iii) no changes in tax legislation adversely affect the Group and the Company in realising the benefit from the

The Company and its wholly owned entities have not formed a consolidated income tax group as of 30 June 2019.

		Note	2019 $	2018 $
6	**Cash and cash equivalents**			
(a)	Cash and bank balances		**1,035,939**	108,027

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(b) Reconciliation from the net profit after tax to the net cash flows from operations

	Note	2019 $	2018 $
Loss from continuing operations after tax		**(4,160,253)**	(3,431,387)
Adjustments for:			
Depreciation and amortisation		**74,783**	58,298
Share-based payments		**-**	40,589
Project development notes - equity component amortisation		**446,538**	458,132
Value of incremental shares issued on covnersion of project development notes (i)		**2,715,524**	
Gain on acquisition		**(271,945)**	-
Other		**111,482**	7,677
Changes in operating assets and liabilities, net of effects from purchase of controlled entity			
Decrease/(increase) in receivables		**31,019**	(2,098)
Decrease/(increase) in deposits		**-**	100,000
(Decrease)/increase in payables		**(424,124)**	1,158,574
(Decrease)/increase in other liabilities		**15,054**	(10,779)
Net cash used in operating activities		**(1,461,922)**	(1,620,994)

7 Other assets

	2019 $	2018 $
Deposits	**20,000**	20,000

Deposits of $20,000 (2018: $20,000) are subject to a charge refer Note 19.

8 Property, plant and equipment

	Freehold land	Plant and equipment	Total
At 30 June 2019			
Cost	**30,000**	**524,629**	**554,629**
Accumulated depreciation	-	**(149,209)**	**(149,209)**
Net carrying amount	**30,000**	**375,420**	**405,420**
Movement in property, plant and equipment			
Carrying amount at the beginning of the year	30,000	427,568	457,568
Additions - other	-	-	-
Depreciation charge for the year	-	(52,148)	(52,148)
Carrying amount at the end of the year	30,000	375,420	405,420

	Freehold land	Plant and equipment	Total
At 30 June 2018			
Cost	30,000	524,629	554,629
Accumulated depreciation	-	(97,061)	(97,061)
Net carrying amount	30,000	427,568	457,568
Movement in property, plant and equipment			
Carrying amount at the beginning of the year	30,000	436,402	466,402
Additions - other	-	49,464	49,464
Depreciation charge for the year	-	(58,298)	(58,298)
Carrying amount at the end of the year	30,000	427,568	457,568

9 Exploration and evaluation assets

	Total
At 30 June 2019	
Cost	**5,138,321**
Accumulated depreciation and impairment	**-**
Net carrying amount	**5,138,321**
Movement in exploration and evaluation assets	
Carrying amount at the beginning of the year	1,712,668
Acquisition of a subsidiary (refer Note 21)	2,371,945
Additions - prepayment for drilling services	500,000
Additions - other	37,810
Recognition of mine rehabilitation liability	515,898
Carrying amount at the end of the year	5,138,321

	Total
At 30 June 2018	
Cost	1,712,668
Accumulated depreciation and impairment	-
Net carrying amount	1,712,668
Movement in exploration and evaluation assets	
Carrying amount at the beginning of the year	1,581,148
Additions	131,520
Carrying amount at the end of the year	1,712,668

Exploration licenses are carried at cost of acquisition less impairment losses. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The recoverable amount of development expenditure is determined as the higher of its fair value less costs to sell and its value in use.

10 Mine development assets

	Total
At 30 June 2019	
Cost	**3,704,701**
Accumulated amortisation and impairment	**(57,640)**
Net carrying amount	**3,647,061**
Movement in exploration and evaluation assets	
Carrying amount at the beginning of the year	3,659,784
Additions	9,912
Amortisation charge for the year	(22,635)
Carrying amount at the end of the year	3,647,061

	Total
At 30 June 2018	
Cost	3,694,789
Accumulated amortisation and impairment	(35,005)
Net carrying amount	3,659,784
Movement in exploration and evaluation assets	
Carrying amount at the beginning of the year	3,033,147
Additions	78,442
Recognition of mine liability	583,200
Amortisation charge for the year	(35,005)
Carrying amount at the end of the year	3,659,784

11 Trade and other payables

	2019 $	2018 $
Amounts owed to director (i)	**106,147**	-
Amounts owed to supplier (ii)	**40,000**	-
Other payables	**1,105,343**	1,675,614
	1,251,490	1,675,614

(i) Amounts owed to a director have been agreed to be settled via an issue of 2,653,675 ordinary shares at deemed issued price of 4 cents each
(ii) Amounts owed to a supplier have been agreed to be settled via an issue of 1,000,000 ordinary shares at deemed issued price of 4 cents each

12 Interest-bearing loans and borrowings

	2019 $	2018 $
Current - unsecured		
Borrowings - related party (i)	**-**	485,690
Borrowings - project development notes issue 1 (ii)	**372,000**	483,200
Borrowings - other (iv)	**-**	182,756
	372,000	1,151,646
Non-current - unsecured		
Borrowings - project development notes issue 1 (ii)	**-**	1,449,599
Borrowings - project development notes issue 2 (iii)	**-**	2,027,016
Borrowings - other (iv)	**104,630**	-
	104,630	3,476,615

(i) Borrowings - related party

Borrowings from director related entities were repaid by an issue of shares (refer Note 14). All borrowings were interest free other than a balance of $144,000 which had an interest rate of 8.25% (refer Note 22). All amounts owing were unsecured and repayable on demand.

(ii) Project Development Notes Issue 1

The facility was provided by private financiers (Financiers) and is fully drawn to its committed limit of $372,000. Interest is payable quarterly at the rate of 8.0% per annum.

Any PDN1 borrowing not repaid by the exercise of the attaching option and application of the exercise price to the repayment (refer below) is required to be repaid at the earlier of either at the end of 3 years from the date of draw down of each advance, or in repayments equal to 50% of the Company's positive pre-tax cash from operations (each quarter) until balance owed under the PDN1s and any outstanding interest is repaid in full.

The Company issued 18,566,667 share options concurrently with the initial draw down under PDN1 to the Financiers. The share options provide Financiers with the right to subscribe for ordinary shares of the Company (PDN1 Options). As a result the net proceeds received from the issue of the PDN1s have been split between a liability and an equity component. The equity component represents the value of the option to convert the liability into equity of the Company.

The terms of the PDN1 Options are as follows:

a) Right to subscribe: The Financiers have the right to subscribe for one fully paid ordinary share of the Company for each share option held at an issue price of 12 cents each anytime after 31 March 2017 and until the expiry of the share options on 31 March 2021.
b) Right of offset: At the election of the Financiers any amounts owed under the PDNs may be applied either in part or whole to the exercise price owed on issue of the ordinary shares.
c) Number of ordinary shares to be issued: If all of the PDN1 Options are exercised a maximum of 18,566,667 fully paid ordinary shares of the Company would be issued.
d) Right to acquire: Within 6 months prior to the expiry date of the PDN Options of 31 March 2021, the Company may seek to acquire the PDN1 Options from the Financiers at a volume weighted average price calculated for a 1 month period ending 3 days before the election notice is provided to the Financiers.
e) Cancellation of options: If a Financier fails to provide funding pursuant to the PDN1s any unexercised PDN1 Options held by that Financier can be cancelled at the election of the Company.

During the reporting period the Company:

a) Cancelled 22,609,524 PDN1 Options
b) Repaid $1,856,000 of the balance owing of $2,228,000 by the issue of 37,120,000 ordinary shares at a deemed issue price of 5 cents each. A balance of $372,000 remains owing at 30 June 2019 of which a further $189,000 has been agreed to be settled via the issue of 3,780,000 ordinary shares at a deemed issue price of 5 cents each.
c) Wrote back interest owing of $505,558 forgiven by holders of PDN1

(iii) Project Development Notes - Issue 2

Project Development Note facility (PDN2) was provided by a private financier (PDN2 Financier). The balance of $2,540,000 was fully drawn and subsequently repaid in full. Interest was payable quarterly at the rate of 8.0% per annum.

Any PDN2s not repaid by exercise of the attached option and application of the exercise price to repayment (refer below) are repaid either at the end of 3 years from the date of draw down of each advance, or subsequent to repayment of amounts owed under PDN1 in repayments equal to 50% of the Company's positive pre-tax cash from operations (each quarter) until balance owed under the PDN2 and any outstanding interest is repaid in full.

The Company issued 11,000,000 share options concurrently with the PDN2 to the PDN2 Financier whereby the PDN2 Financier has the right to subscribe for ordinary shares of the Company (PDN2 Options). As a result the net proceeds received from the issue of the PDN2 have been split between a liability and an equity component. The equity component represents the value of the option to convert the liability into equity of the Company.

The terms of the PDN2 Options are as follows:

a) Right to subscribe: The PDN2 Financier has the right to subscribe for one fully paid ordinary share of the Company for each share option held at an issue price of 14 cents each anytime from 30 November 2017 and until the expiry of the share options on 30 November 2021.
b) Right of offset: At the election of the PDN2 Financier any amounts owed under the PDN2s may be applied either in part or whole to the exercise price owed on issue of the ordinary shares.
c) Number of ordinary shares to be issued: If all of the PDN2 Options are exercised a maximum of 11,000,000 fully paid ordinary shares of the Company would be issued.
d) Right to acquire: Within 6 months prior to the expiry date of the PDN2 Options of 30 November 2021, the Company may seek to acquire the PDN2 Options from the PDN2 Financier at a volume weighted average price calculated for a 1 month period ending 3 days before the election notice is provided to the PDN2 Financier.

e) Cancellation of options: If the PDN2 Financier fails to provide funding pursuant to the PDN2s any unexercised PDN2 Options can be cancelled at the election of the Company.

During the reporting period the Company:

a) Cancelled 11,000,000 PDN2 Options
b) Repaid $2,540,000 of the balance owing of $2,540,000 by the issue of 50,800,000 ordinary shares at a deemed issue price of 5 cents each.
c) Wrote back interest owing of $66,805 forgiven by the holder of PDN2.

(iv) Borrowings - Other

Other borrowings are repayable on demand and interest is payable monthly at a rate of 10% per annum. Borrowings of $300,000 were received during the financial year and $200,000 (plus interest accrued) was repaid via the issue of 4,208,225 ordinary shares at a deemed issue price of 5 cents each.

13 Provisions

	2019 $	2018 $
Current		
Employee entitlements	**35,530**	20,476
Non-Current		
Rehabilitation provision	**1,099,098**	583,200
Total provisions	**1,134,628**	603,676

Movement in provisions

	Employee benefits	Rehabilitation	Total
At 30 June 2019			
Carrying amount at the beginning of the year	20,476	583,200	603,676
Remeasurement of provision	15,054	515,898	530,952
Carrying amount at the end of the year	35,530	1,099,098	1,134,628
At 30 June 2018			
Carrying amount at the beginning of the year	31,255	-	31,255
Remeasurement of provision	(10,779)	583,200	572,421
Carrying amount at the end of the year	20,476	583,200	603,676

14 Issued capital

	2019	2018
	$	$
295,722,070 fully paid ordinary shares (2018: 98,143,845)	**28,535,748**	14,712,060

Movements in fully paid ordinary shares

		2019			2018		
	Date	**$/share**	**Number**	**$**	$/share	Number	$
Balance at the beginning of the financial year			**98,143,845**	**14,712,060**		95,682,306	14,666,238
Menzies acquisition	21/12/2018	$0.05	**32,400,000**	**1,620,000**		-	-
Settlement of project development notes	17/05/2019	$0.05	**87,920,000**	**4,396,000**		-	-
Settlement of short term loans	17/05/2019	$0.05	**4,208,225**	**210,411**		-	-
Settlement of short term loans	17/05/2019	$0.05	**15,000,000**	**750,000**		-	-
Share placement	17/05/2019	$0.05	**54,550,000**	**2,697,500**		-	-
Share placement	17/05/2019	$0.05	**1,000,000**	**50,000**		-	-
Settlement of services contract	17/05/2019	$0.05	**10,000,000**	**500,000**		-	-
Value of incremental shares issued on conversion of project development notes (i)	17/05/2019	**-**	**-**	**2,715,524**			
Transfer from reserve on conversion of project development notes (ii)	17/05/2019	**-**	**-**	**999,310**			
Buyback of shares subject to performance conditions (iii)	26/06/2019		**(7,500,000)**	**-**		-	-
Cashless conversion of Class A options	18/11/2017		**-**	**-**		1,230,769	22,911
Cashless conversion of Class B options	17/01/2018		**-**	**-**		1,230,770	22,911
Cost of equity issues			**-**	**(115,057)**		-	-
Balance at the end of the financial year			**295,722,070**	**28,535,748**		98,143,845	14,712,060

(i) Amount arising due to reduction in exercise price of option to convert associated with project development notes.

(ii) Balance of equity component transferred from share option reserve as at the date of conversion of project development notes.

(iii) 7,500,000 ordinary shares subject to a performance condition relating to the Radio Gold mine (owned by Radio Gold Pty Limited) was not achieved and the Company repurchased the shares for a nominal sum.

15 Reserves

	2019 $	2018 $
Share option reserve		
Balance at the beginning of the financial year	**1,575,267**	1,378,273
De-recognition of equity component on issue of project development notes on early repayment	**(361,648)**	-
Transfer to equity on conversion of project development notes	**(999,310)**	
Share based payment	**-**	55,149
Cancellation of options	**-**	(14,560)
Transfer to equity on conversion of options	**-**	(45,822)
Recognition of equity component on issue of project development notes	**-**	325,181
Capital raising cost	**-**	(122,954)
Balance at the end of the financial year	**214,309**	1,575,267

(i) Reserve arises on the issue of options in payment for services or fees. Further information on options issued is shown in Note 18 to the financial statements.

(ii) Equity component on the issue of project development notes represents the equity component of the conversion rights as detailed in Note 12.

16 Asset backing and earnings per share

	2019 cents per share	2018 cents per share
Basic and diluted earnings per share (continuing operations) (cents per share)	**(3.08)**	(3.53)
Basic and diluted assets per share (continuing operations) (cents per share)	**5.49**	(0.93)

The following reflects the income and share data used in the basic and diluted earnings per share calculations:	2019 $	2018 $
Loss attributable to shareholders of the Company used in the calculation of basic and diluted earnings per share	**(4,156,854)**	(3,427,606)
Weighted average number of ordinary shares for basic earnings per share	**134,889,713**	96,990,631
Effect of dilution of share options on issue (i)	**-**	1,000,000
Weighted average number of ordinary shares adjusted for the effect of dilution	**134,889,713**	97,990,631

(i) Share options on issue that have been assessed as being dilutive for the purpose of calculating earnings per share have been excluded from the calculation of earnings per share as the Group has incurred a loss after tax. In that circumstance the inclusion of share options would reduce the earnings per share (loss) and present a misleading result.

17 Financial instruments

(a) Financial risk management objectives

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans, convertible instruments and derivatives. The main purpose of non-derivative financial instruments is to raise finance for Group operations. The directors consider that the limited risks mean there is no need to enter into risk management strategies involving derivative instruments.

The Group is exposed to credit risk, liquidity risk and interest rate risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The Group manages liquidity risk by a combination of maintaining cash reserves, banking facilities and continuously monitoring forecast and actual cash flows. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. Risks are managed through sensitivity analysis to model the impact of changes upon the Group's profits.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

(b) Significant accounting policies

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

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

(d) Categories of financial instruments

The following table details the carrying amounts and fair values of the Group's financial assets and financial liabilities. The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

	Note	2019	2018
		$	$
Financial assets			
Cash and cash equivalents	6	**1,035,939**	108,027
Trade and other receivables		**18,235**	49,254
		1,054,174	157,281

	Note	2019 $	2018 $
Financial liabilities			
Liabilities measured at amortised cost:			
Trade and other payables		**1,251,490**	1,675,614
Borrowings		**-**	1,151,646
Liabilities measured at fair value - Level 3 (i)			
Borrowings - project development notes	12	**372,000**	3,959,815
		1,623,490	6,787,075

(i) Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - fair value measurements are those derived from quoted sources (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset of liability that are not based on observable market data (unobservable inputs).

The fair value of derivative instruments is significantly affected by movements in interest rates. Sensitivity of the valuation of the derivative liabilities to changes in these factors is shown below at item (j).

(e) Credit risk exposures

Credit risk arises principally from the Group’s receivables and cash and bank balances. Credit risk is kept continually under review and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due. The Group’s financial assets include trade and other receivables and loans to related entities.

The maximum exposure to credit risk on financial assets of the Group which has been recognised on the balance sheets is generally the carrying amount, net of any provisions for doubtful debts. The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. The Group's financial assets are limited to credit risk exposures to Australia on a geographical basis. Trade and other receivables that are neither past due nor impaired are limited to a few counterparties which are considered credit worthy.

2019	**Interest rates**	**Contractual repayment amount**	**6mths or less**	**6-12 mths**	**1-5 years**
Cash and cash equivalents	2.0%	1,035,939	1,035,939	**-**	-
Receivables	na	18,235	18,235	**-**	-

2018		Contractual repayment amount	6mths or less	6-12 mths	1-5 years
Cash and cash equivalents	2.0%	108,027	108,027	-	-
Receivables	na	49,254	49,254	-	-

(f) Liquidity risk management

The board has put in place liquidity risk management policies for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by having a combination of:

- continuously monitoring forecast and actual cash flows;
- having in place loan facilities structured to grow as the size of the business increases; and
- arranging issues of securities as required.

To the extent possible maturity profiles of financial assets and liabilities are matched.

The board reviews the capital structure on a regular basis. The board does not have a set debt level target however the level of borrowings is in line with expectations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The table includes principal and interest cash flows at the face value of the amount owing and therefore the figures differ from those shown in the financial statements.

2019	**Interest rate**	**Contractual repayment amount**	**Less than 1 year**	**1-5 years**
Trade payables		**1,251,490**	**1,251,490**	**-**
Borrowings - other (fixed rate)	**8%-12%**	**382,463**	**382,463**	**-**
		1,633,953	**1,633,953**	**-**

2018	Interest rate	Contractual repayment amount	Less than 1 year	1-5 years
Trade payables		1,675,614	1,675,614	-
Borrowings - other (fixed rate)	**8.00%**	5,190,252	912,364	4,277,888
Borrowings - related parties (variable rate)	**8.25%**	491,630	491,630	-
		7,357,496	3,079,608	4,277,888

The table below reflects an undiscounted view of the contractual maturity for financial liabilities and cash flows expected to be realised from financial assets. Actual timing may differ from that disclosed. The timing of the cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Within 1 Year		1 to 5 Year		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Group financial liabilities due for payment						
Trade payables	**1,251,490**	1,675,614	**-**	-	**1,251,490**	1,675,614
Borrowings - fixed rate	**382,463**	912,364	**-**	4,277,888	**382,463**	5,190,252
Borrowings -	**-**	491,630	**-**	-	**-**	491,630
Total contractual and	**1,633,953**	3,079,608	**-**	4,277,888	**1,633,953**	7,357,496
Group financial assets - cash flows realisable						
Cash and cash	**1,035,939**	108,027	**-**	-	**1,035,939**	108,027
Receivables	**18,235**	49,254	**-**	-	**18,235**	49,254
Total	**1,054,174**	157,281	**-**	-	**1,054,174**	157,281
Net outflow/(inflows)	**579,779**	2,922,327	**-**	4,277,888	**579,779**	7,200,215

(g) Interest rate

The Group has borrowed funds at fixed rate of interest and therefore currently has limited exposure to movements in interest rates.

(h) Foreign

At its current stage of development the Group is indirectly exposed to foreign currency risk, in respect of the market price for gold which is based in US dollars.

(i) Commodity

At its current stage of development the Group is indirectly exposed to commodity price risk, in respect of the market price for gold.

(j) Sensitivity analysis of risk factors

At 30 June 2019, the effect on profit and equity as a result of changes in interest rates, with all other variables remaining constant, would not have a material impact.

18 Share-based payments

The Company has the following share options outstanding under share based plans:

	2019		2018	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at the beginning of the financial year	**48,709,524**	**$0.127**	44,066,667	$0.117
Granted	**-**	**-**	7,142,857	$0.140
Granted	**-**	**-**	2,000,000	$0.140
Converted to ordinary shares	**-**	**-**	(4,000,000)	$0.050
Expired	**(1,000,000)**	**$0.050**	-	-
Cancelled	**(33,609,524)**	**$0.120**	(250,000)	$0.120
Cancelled	**-**	**-**	(250,000)	$0.140
Balance at the end of the financial year	**14,100,000**	**$0.126**	48,709,524	$0.127
Exercisable at the end of the financial year	**14,100,000**	**$0.126**	39,316,667	$0.124

1,000,000 options expired unexercised and 33,609,524 options were cancelled during the financial year upon conversion of amounts owing under project development notes (refer Note 12) . No options were exercised during the financial year.

Share options outstanding at the end of the year have the following expiry date and exercise prices

Class	**Vesting Conditions**	**Grant date**	**Expiry date**	**Exercise price**	**Number of share options** **2019**	**Number of share options** 2018
Class C			Expired		**-**	1,000,000
Class D	Vested	9/11/2015	31/12/2019	$0.12	**1,000,000**	1,000,000
Class E	na	22/04/2016	31/03/2021	$0.12	**3,100,000**	18,566,667
Class F	na	20/06/2016	31/03/2021	$0.12	**5,000,000**	5,000,000
Class G	Vested	20/06/2016	31/03/2021	$0.12	**2,500,000**	2,500,000
Class H	na	6/12/2016	Cancelled	$0.14	**-**	11,000,000
Class I	Vested	6/12/2016	31/03/2021	$0.12	**250,000**	250,000
Class J	Vested	6/12/2016	31/03/2021	$0.14	**250,000**	250,000
Class K	na	10/11/2017	Cancelled	$0.14	**-**	7,142,857
Class L	Vested	18/12/2017	15/12/2022	$0.14	**1,000,000**	1,000,000
Class M	Vested	18/12/2017	15/12/2022	$0.14	**1,000,000**	1,000,000
					14,100,000	48,709,524

Details of share options granted during the prior year:

	Class K (i)	Class L	Class M
Grant date	10/11/2017	18/12/2017	18/12/2017
Expiry date	30/11/2021	15/11/2021	15/11/2021
Exercisable from	30/11/2018	18/12/2018	18/12/2019
Exercise price	$0.14	$0.14	$0.14
Number of options issued	7,142,857	1,000,000	1,000,000
Fair value at grant date		27,575	27,575
Fair value at grant date per option		$0.028	$0.028
Vesting conditions	na	Continuing service	Continuing service

(i) Issue of share options pursuant to the Project Development Note Facility - Issue 2 (Note 12)

The fair values of the share options were determined using the following parameters:

		Class K (i)	Class L	Class M
Expected volatility of ordinary shares	%		50%-65%	50%-65%
Risk free interest rate	%		1.50%	1.50%
Underlying share price at valuation date	$/share		$0.13	$0.13
Weighted average life of option	years		5.0	5.0
Weighted average exercise price	$/share		$0.14	$0.14
Valuation method			Black-scholes	Black-scholes

19 Contingent liabilities

	2019 $	2018 $
Corporate and management fees	**493,964**	**-**

Amounts invoiced by a director related entity (refer Note 22) are not payable unless and until the Group has a proven mineral resources of gold or the equivalent value of another mineral as follows:

a) $246,982 when the Company has announced a resource of 400,000 ounces of gold; and
b) $246,982 when the Company has announced a resource of 600,000 ounces of gold; and

	2019 $	2018 $
Bank guarantees	**20,000**	20,000

Bank guarantees are issued on behalf of the Group by its bankers. The guarantees provide that the financier will honour the Group's obligations under specific agreements and are secured against monies held on deposit of $20,000 (2018: $20,000) (refer Note 7). No material losses are expected.

There are no other contingent liabilities as at 30 June 2019 (2018: nil).

20 Tenement lease commitments

	2019	2018
	$	$

Minimum expenditure commitment on tenement leases

The Group held exploration mineral licences in relation to its mines Mount Mackenzie, Radio Gold and East Menzies for which minimum expenditure is required to comply with license conditions. Amounts committed but not provided for and payable:

	2019 $	2018 $
Within one year	**474,450**	264,538
One year or later and no later than for five years	**1,551,863**	1,428,613
	2,026,313	1,693,151

21 Business Combination

On 21 December 2018 the Company acquired 100% of the issued share capital of Menzies Goldfield Pty LImited (formerly Menzies Goldfield Limited), which owns mining lease interests in the region east of the township of Menzies, Western Australia. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$
Purchase consideration:	
Cash payable	**480,000**
Ordinary shares issued	**1,620,000**
Total purchase consideration	**2,100,000**

The fair value of the 32,400,000 ordinary shares issued as part of the consideration for Menzies Goldfield Pty Limited (previously Menzies Goldfield Limited) ($2,100,000) was based on the price the Company was able to raise capital by the issue of shares. The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $
Assets acquired at fair value - exploration expenditure	**2,900,000**
Liabilities acquired at fair value	**(528,055)**
Net assets and liabilities acquired at fair value	**2,371,945**
Discount on acquisition recognised in profit or loss	**(271,945)**
Total purchase consideration	**2,100,000**

Purchase consideration - outflow of cash to acquire Menzies Goldfield Limited	
Cash consideration	**480,000**
Amount unpaid at reporting date	**(480,000)**
Net cash flow	**-**

Acquisition related costs of $285,000 that were not directly attributable to the issue of shares are in included in other expenses in profit or loss and in operating cash flows in the statement of cash flows. The accounting for the acquisition of Menzies Goldfield Pty Limited has been determined on a provisional basis as at 30 June 2019 as the fair value assigned to the acquiree's identifiable assets and liabilities has only been determined provisionally. Any adjustment to these provisional values as a result of completing work on the fair value of assets and liabilities acquired will be recognised within 12 months of the acquisition date and will be recognised as if they had occurred as at the date of the acquisition.

22 Key management personnel disclosures

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel consists of the directors of the Company and senior management of the Group as defined in the Remuneration Report section of the Directors' Report.

(a) Compensation of Key Management Personnel

The aggregate compensation made to key management personnel of the Group is set out below (i). The remuneration shown includes all amounts incurred for the year. Further details of the compensation of key management personnel is contained in the Directors' Report in the Remuneration Report section.

(i) Mr Kember was appointed on 8 August 2016 and his remuneration forms part of the fees charged by a director related entity. Details of the nature of the engagement and the amount of fees charged are provided below.

	2019	2018
	$	$
Short-term	**231,000**	267,355
Post employment	**9,975**	10,547
	240,975	277,902

(b) Shareholdings

The number of ordinary shares in the Company held during the financial year by each director of the Company and senior management of the Group, including their personally related parties, are set out below.

2019	**Balance at the start of the year**	**Granted as compensation**	**Net other change**	**Balance at the end of the year**
Mr Gavin Rezos	250,000	-	10,000,000	10,250,000
Mr Richard Poole	14,067,302	-	53,920,000	67,987,302
Mr Christian Price	-	-	-	-
Ms Virginia Bruce	50,000	-	-	50,000
Mr James Croser (i) (ii)	3,597,022	-	(1,798,511)	1,798,511
Mr Warren Kember	-	-	-	-

2018	**Balance at the start of the year**	**Granted as compensation**	**Net other change**	**Balance at the end of the year**
Mr Gavin Rezos	250,000	-	-	250,000
Mr Richard Poole	14,067,302	-	-	14,067,302
Ms Virginia Bruce	50,000	-	-	50,000
Mr James Croser (i)	3,597,022	-	-	3,597,022
Mr Warren Kember	-	-	-	-

(i) 3,597,022 ordinary shares were issued to Mr Croser pursuant to the acquisition of Radio Gold Pty Limited (formerly Brightsun Enterprises Pty Limited). Of these ordinary shares, 1,798,511 were subject to a performance condition as set out in Note 14 which was not achieved and the shares were bought back for a nominal sum.

(ii) Resigned 16 October 2018

(b) Share option holdings

The number of share options in the Company held during the financial year by each director of the Company and senior management of the Group, including their personally related parties, are set out below.

Details of share options granted during the year are provided at Note18

2019	**Balance at the start of the year**	**Granted as compensation**	**Granted on subscription to loan**	**Net other change**	**Balance at the end of the year**
Mr Gavin Rezos	11,666,667	-	-	(4,166,667)	7,500,000
Mr Richard Poole	6,250,000	-	-	(6,250,000)	-
Mr Christian Price	2,500,000	-	-	0	2,500,000
Ms Virginia Bruce	-	-	-	-	-
Mr James Croser	-	-	-	-	-
Mr Warren Kember	-	-	-	-	-

2018	**Balance at the start of the year**	**Granted as compensation**	**Granted on subscription to loan**	**Net other change**	**Balance at the end of the year**
Mr Gavin Rezos	7,500,000	-	-	4,166,667	11,666,667
Mr Richard Poole	6,250,000	-	-	-	6,250,000
Ms Virginia Bruce	-	-	-	-	-
Mr James Croser	-	-	-	-	-
Mr Warren Kember	-	-	-	-	-

(c) Other transactions with key management personnel

Richard Poole

Transactions with, or with persons or entities associated with, Mr Richard Poole, a director and the chief executive officer of the Company, during the financial year were as follows:

The Company has entered into a Corporate Advisory and Business Development Mandate (Agreement) with entities ultimately controlled by interests associated with Mr Richard Poole (Arthur Phillip). The Agreement provides for the payment of fees for the raising of debt or equity capital and the charging of costs associated with the administration of the Group.

Arthur Phillip invoiced fees and expenses for the provision of management, accounting, office administration, consulting and company secretarial services to the Company, amounting to $264,000 (2018: $302,168). An amount of $130,743 was settled via the issue of 2,614,860 ordinary shares at a deemed issue price of 5 cents each. At the end of the financial year an amount of $493,964, which is subject to performance conditions and is shown as a contingent liability (refer Note 19).

A related party of Mr Richard Poole advanced $144,000 to the Group in a prior year. The unsecured borrowing bore annual interest at 8.25% and an expense of $5,940 (2018: $11,880) (refer Note 4(d)) was incurred during the financial year. The loan was repaid during the financial year by the issue of 2,880,000 ordinary shares at a deemed issue price of 5 cents each.

An amount of $485,690 was advanced in a prior year for working capital. During the financial year this balance was increased by a further $133,567 to a total of $619,257. The balance owing was repaid by the issue of 12,385,140 ordinary shares at a deemed issue price of 5 cents each. The loan was interest free, unsecured and repayable on demand.

During the prior financial year a related party of Mr Richard Poole advanced $750,000 to the Group pursant to the Project Development Notes 1 (refer Note 12). The amount bore annual interest at 8.0% and an expense of $60,000 (2018: $29,152) was incurred during the financial year. The balance outstanding was repaid by the issue of 15,000,000 ordinary shares at a deemed issue price of 5 cents each. Outstanding unpaid interest was foregiven and 6,250,000 associated options were cancelled.

During the financial year the Company acquired 100% of the issued share capital of Menzies Goldfield Pty Limited (refer Note 21). As part of the consideration, entities related to Mr Poole were issued 23,920,000 ordinary shares and an amount of $444,000 payable in cash was subsequently settled via the issue of 8,880,000 ordinary shares.

23 Related party disclosures

The consolidated financial statements include the financial statements of the Company and its controlled entities listed in the following table. The Company is the ultimate Australian parent entity and the ultimate parent of the Group.

Name	Country of incorporation	% Equity interest 2019	% Equity interest 2018
Mount Mackenzie Pty Limited	Australia	**100.00%**	100.00%
Radio Gold Pty Limited (formerly Brightsun Enterprises Pty Limited)	Australia	**100.00%**	100.00%
Resource & Energy Operations Pty Limited	Australia	**100.00%**	100.00%
Menzies Goldfield Pty Limited (previously Menzies Goldfield Limited)	Australia	**100.00%**	na
Deep Energy Pty Limited	Australia	**51.85%**	51.85%

24 Auditors' remuneration

	2019 $	2018 $
Fees charged by the auditor of the Company for auditing or reviewing the financial report	**$55,000**	55,213

25 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Company (parent entity) show the following aggregate amounts:

	2019	2018
	$	$
Balance Sheet		
Current Assets	**1,555,985**	70,129
Total Assets	**10,930,405**	6,688,305
Current Liabilities	**1,507,545**	1,970,028
Total Liabilities	**1,491,212**	5,372,844
Net Assets	**9,439,195**	1,315,461
Shareholders' contributed equity	**24,820,913**	14,712,059
Reserves	**1,213,619**	1,627,962
Accumulated Losses	**(16,724,856)**	(15,024,559)
	9,309,676	1,315,462
Profit or Loss for the year		
Total comprehensive income/(loss) for the year	**(1,700,297)**	(1,882,574)

(b) Contingent Liabilities of the Parent

The Company did not have any contingent liabilities as at 30 June 2019 or in the prior financial year.

26 Dividend

No dividend has been declared or paid during the financial year or the prior period. The directors do not recommend the payment of a dividend for the year ended 30 June 2019.

27 Events after balance sheet date

In July 2019 project development notes with a value of $183,000 were repaid together with interest owing and 3,100,000 related options were cancelled. It has been agreed to settle the remaining balance owing of $189,000 via the issue of 3,780,000 ordinary shares of the Company.

In August 2019 the Company completed a placement of 28,000,000 ordinary shares at 4 cents each raising a total of $1,120,000. Commitments have been obtained for the placement of an additional 47,000,000 ordinary shares at a price of 4 cents each raising $1,880,000, subject to the approval of the Company's shareholders.

In August 2019 the Company signed a farm-in agreement in respect of its Radio Gold mining leases with an unrelated entity, Sulphide X Limited (SXL). The agreement provides that SXL will be entitled to a 50% interest in Radio Gold after undertaking $4,000,000 in expenditure on exploration and development of the Radio Gold mine over a two year period. SXL may acquire an additional 25% interest in Radio Gold by further expenditure of $2,000,000. The Company has the right to retain a 25% interest in Radio Gold, and will retain 50% of gold sale proceeds after operating costs. Subsequent to the execution of the farm-in agreement, Valor Resources Limited has acquired control of SXL.

There have been no other significant events occurring after the balance date which may affect either the Group's operations, results of those operations or the Group's state of affairs.

Resources & Energy Group Limited
Directors' Declaration

In accordance with a resolution of the directors of Resources & Energy Group Limited, the directors declare that:

(a) The financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards and Corporations Regulations 2001, including compliance with International Financail Reporting Statements as issued by the International Accounting Standards Board as stated in Note 2 of the financial statements.

(b) The Chief Executive Officer has declared that:

  (i) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

  (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and

  (iii) the financial statements and notes for the financial year give a true and fair view.

(c) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,

Mr Gavin Rezos
Chairman

Sydney, 27 September 2019

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF RESOURCES & ENERGY GROUP LIMITED

As lead auditor of Resources & Energy Group Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance Pty Ltd

Robert Nielson
Director
Sydney, 27 September 2019

LNP Audit + Assurance

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF RESOURCES AND ENERGY GROUP LIMITED

Opinion

We have audited the financial report of Resources and Energy Group Limited, and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

In our opinion:

the accompanying financial report of Resources and Energy Group Limited is in accordance with the Corporations Act 2001, including:

a) Giving a true and fair view of the Group's consolidated financial position as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and
b) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 2(c) in the financial report which indicates that the Group incurred a loss before tax of $4,160,253 (2018: $3,431,387) during the year ended 30 June 2019 and, as at that date, the Group's current liabilities exceeded its current assets by $84,847 (2018:$ 2,670,455). As started in Note 2(c) these events or conditions, along with other matters set out in Note 2(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that maybe necessary should the Group not continue as a going concern.

INDEPENDENT AUDIT REPORT (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
Exploration and evaluation costs The statement of financial position of the group includes exploration and evaluation expenditure of $5,138,321. The assessment of the recoverability of exploration assets incorporates significant judgement in respect of factors such as strategy to recover them, availability of sufficient capital, future production prospects and levels, commodity prices, operating and capital availability and costs and economic assumptions such as discount, inflation, and foreign exchange rates. This is a key audit matter due to the materiality of the item and the judgements involved.	Our procedures included: • Testing the design and operation of internal controls over valuation of these assets including those to determine any impairments; • Evaluating the Group's assumptions and estimates used to determine the recoverable amount of assets, including those relating to method of recovery, production, cost, capital expenditure, discount rates and foreign exchange rates; • Validating the mathematical accuracy of cashflow models and agreeing relevant data to underlying information and assumptions; and • Assessing the Group's disclosures in respect of asset carrying values and impairment testing.
Mine Development costs and amortisation The statement of financial position of the group includes mine development expenditure of $3,647,061, after accumulated amortisation of $57,640 at 30 June 2019. The assessment of the recoverability incorporates significant judgement in respect of factors such as strategy to recover them, continuity of production prospects and levels, commodity prices, operating and capital availability and costs and economic assumptions such as discount, inflation, and foreign exchange rates. This is a key audit matter due to the materiality of the item and the judgements involved.	Our procedures included: • Testing the design and operation of internal controls over valuation of these assets including those to determine any impairments; • Evaluating the Group's assumptions and estimates used to determine the recoverable amount of assets, including those relating to method of recovery, production, cost, capital expenditure, discount rates and foreign exchange rates; • Validating the mathematical accuracy of cashflow models and agreeing relevant data to underlying information and assumptions; and • Assessing the Group's disclosures in respect of asset carrying values and impairment testing.

Key Audit Matter	How our audit addressed the matter
Estimation of Minerals and Ore Reserves During the year, the group amortised mine development costs by $22,635, leading to a carrying value at 30 June 2019 $3,647,061, based on units of production over the estimated life of the mine, which is based on the estimation of minerals and Ore reserves. Estimation of mineral resource and ore reserves is determined in accordance with the JORC code by a competent person. There are inherent uncertainties in estimating mineral resources and ore reserves, and assumptions that are valid at the time of estimation may change significantly as new information becomes available. These estimations can have a material effect on the financial report such as: a) Classification of assets into exploration and evaluation, or development and production; b) Testing fair value of asset for impairment; c) Estimating the useful life or units of production to determine the appropriate amortisation charge; and d) Calculation of restoration/ rehabilitation provisions. This is a key audit matter due to the materiality of the item and the judgements involved.	Our procedures were in accordance with *ASA 620 Using the Work of an Auditors Expert,* and included; • Assessing the competency and objectivity of management expert (both internal and external experts) in the estimation process; • Evaluating the adequacy of the work; • Understanding the process and controls surrounding the estimation process; and • Considering whether recognition of a provision for mine rehabilitation at balance date was required. • Assessing the adequacy of the Group's disclosures in respect of this area.
Loss on conversion of Project disclosure Note During the year the Group converted $4,396,000 of Project Development Note (PDN)'s to equity. Due to the early conversion of the loans to equity the group incurred loss on conversion of $2,715,524. The options issued under the original PDN facility were replaced with the new conditions as a result of early settlement. This amendment impacted a number of accounting areas such as financial liabilities, finance costs, and the equity instrument component. This is a key audit matter due to the impact across a number of financial statement areas and the materiality of the item.	Our procedures included: • Reviewing the terms of the early conversion of PDN's; • Agreeing the fulfilment of the conditions between the management and stakeholders to determine appropriate spproavl obtained. • Reviewing the calculation provided by management in relation to this early conversion. • Assessing the adequacy of the Group's disclosures in respect of this area.
Provision for site restoration obligations The Statement of Financial Position of the Group includes a provision for site restoration of $1,099,098 at 30 June 2019. The group has obligations to restore the land on which it has conducted drilling activities. The provision is for future costs associated with the rehabilitation activities and requires significant judgement in respect of asset lives, timing of restoration being undertaken and environmental legislation requirements. This is a key audit matter due to the significant judgement involved and the materiality of the item.	Our procedures included: • Understanding managements process to determine the provision for restoration and ensuring it was consistent with our understanding of the activities associated with those tenements. • Reviewing the cost elements used in the estimation of rehabilitation of related tenements and ensuring that appropriate supporting documents were available to support the cost estimates. • Assessing the adequacy of the Group's disclosures in respect of this area.

Key Audit Matter	How our audit addressed the matter
Related party transactions Related party transactions are required to be conducted on arms-length basis. The Group has entered into various related party transactions throughout the year. In the absence of agreements required supporting documents, the nature of transactions can be deemed subjective in nature and may not be fair. Due to the significant number of related party transactions, this was deemed significant.	Our procedures included: • Reviewing terms and conditions of related party agreements. • Understanding the nature of transactions and whether it was deemed to be at arms-length basis. • Ensuring through board meeting minutes that the agreements are approved by the board of directors as a whole.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report to shareholders for the year ended 30 June 2019 (Annual Report) which is not included in the financial report for the year ended 30 June 2019 and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and 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 identified above when it becomes available 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.

When we read the other information, if we conclude that there is a material misstatement of other information, we are required to report that matter.

Directors' Responsibilities

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 Group's ability 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 cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDIT REPORT (continued)

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Resources and Energy Group 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.

The engagement partner on the audit resulting in this independent auditor's report is Robert Nielson.

LNP Audit and Assurance Pty td

Robert Nielson
Director
Sydney 27 September 2019

Resources & Energy Group Limited
Security Holders' Information

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Ltd. The information provided is current as of 18 September 2019.

1. Ordinary share holders

(a) Top 20 shareholders

The names of the 20 largest holders of ordinary shares as shown in the Company's share register are listed below.

Name	Number of Shares	% of Issued Shares
HSBC Custody Nominees (Australia) Limited	68,953,334	21.3%
Fontelina Pty Limited	39,920,000	12.4%
Arthur Phillip Nominees Pty Ltd	23,560,255	7.3%
Larca Pty Limited	17,166,666	5.3%
Riqo Pty Limited	10,000,000	3.1%
Mr Gavin Rezos	10,000,000	3.1%
J P Morgan Nominees Australia Limited	8,850,000	2.7%
Vanavo Pty Limited	7,171,905	2.2%
UBS Nominees Pty Limited	7,006,667	2.2%
Sanjur Pty Ltd	6,096,747	1.9%
CS Third Nominees Pty Limited	5,982,000	1.9%
Minerva Geological Services Pty Limited	4,095,385	1.3%
Australian Mineral Partners Pty Limited	4,000,000	1.2%
One Design & Stiff Sales Pty Limited	4,000,000	1.2%
Mr Paul Healey	3,000,000	0.9%
Lien Pty Limited	3,000,000	0.9%
Seefeld Pty Limited	2,926,002	0.9%
Citicorp Nominees Pty Limited	2,664,071	0.8%
Netwealth Investments Pty Limited	2,500,000	0.8%
Mac Drill Pty Ltd	2,500,000	0.8%
Total top 20 holders	233,393,032	72.2%
Other holders	89,729,038	27.8%
Total ordinary shares on issue	**323,122,070**	**100.0%**

(b) Shareholder analysis

An analysis of the numbers of ordinary share holders by size of holding is shown below

Size of holding range			Number of holders	Percentage of holders	Units held
1	-	1,000	11	1.8%	2,328
1,001	-	5,000	143	23.7%	406,850
5,001	-	10,000	68	11.3%	658,774
10,001	-	100,000	197	32.6%	9,508,568
100,001	and	Over	185	30.6%	312,545,550
			604	100.0%	323,122,070

There were 164 shareholders that held less than a marketable parcel of ordinary shares.

(c) Substantial shareholders

Holders of more than 5% of the ordinary shares who have lodged substantial shareholder notices are listed below.

Name of shareholder	Ordinary shares held	Percentage of total ordinary shares on issue
Richard Poole and family	67,987,302	21.0%
Gaffwick Pty Limited	68,213,334	21.1%
Larca Pty Limited	17,166,666	5.3%

(d) Voting rights

There are no restrictions on voting rights attached to the ordinary shares. On a show of hands every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote every share held.

(e) Share buyback

During the during the 12 months to 30 June 2019 7,500,000 ordinary shares subject to performance conditions were bought back for a nominal sum and cancelled. There were no share buybacks subsequent to the end of the financial year.

2 Share options

The names of holders of more than 20% of each class of unlisted share options are shown below. Share options do not have voting rights until converted into ordinary shares.

Class	Name of holder	Share options issued	Percentage held of each class
D	Moutier Pty Limited	1,000,000	100.0%
F	Vivien Enterprises Pte Ltd	5,000,000	100.0%
G	Vivien Enterprises Pte Ltd	2,500,000	100.0%
I	Employee options	250,000	100.0%
J	Employee options	250,000	100.0%
L	Employee options	1,000,000	100.0%
M	Employee options	1,000,000	100.0%
Total share options on issue		**11,000,000**	