



Saturn Metals Limited

ANNUAL REPORT 2019

ABN 43 619 488 498

This page has been intentionally left blank

Directors

Robert Tyson	Executive Chairman
Ian Bamborough	Managing Director
Andrew Venn	Non-executive Director

Company Secretary

Ryan Woodhouse

Registered Office

Unit 1, 34 Kings Park Rd
WEST PERTH WA 6000

Telephone: + 61 (08) 6424 8681
Email: info@saturnmetals.com.au

Stock Exchange Listing

Securities of Saturn Metals Limited are listed on the Australian Securities Exchange (ASX)
ASX Code: STN

ACN: 619 488 498

Share Registry

Link Market Services Limited
Level 12 QV1 Building
St Georges Tce
PERTH WA 6000

Telephone: +61 1300 554 474
Facsimile: +61 (0)2 9287 0303
Website: www.linkmarketservices.com

Auditors

PricewaterhouseCoopers
Level, 15
125 St Georges Terrace
Perth WA 6000

Website: www.saturnmetals.com.au

Chairman's Letter	5
Review of Operations	6
Schedule of Tenements	14
Mineral Resource Estimation Governance Statement	15
Director's Report	17
Remuneration Report (audited)	20
Statement of Profit or Loss and Other Comprehensive Income	29
Statement of Financial Position	30
Statement of Changes in Equity	31
Statement of Cash Flows	32
Notes to the Financial Statements	33
Director's Declaration	48
Auditor's Independence Declaration	49
Independent Auditor's Report	50
Additional ASX Information	56
Shareholder Information	64

Saturn Metals Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 6 September 2019. The Directors have the power to amend and reissue the financial statements.

Dear Shareholders.

During the year, your Company has been extremely active, achieving several important milestones as we pursue our goal of defining and developing a gold mining operation on our 100% owned Apollo Hill Project.

In November 2018, the Company delivered its maiden Resource estimate at its flagship Apollo Hill deposit increasing the Indicated and Inferred Mineral Resource by 36% to 20.7 Mt @ 1.0g/t Au for 685,000oz¹.

Since that time your Company has completed another major Resource-upgrade focussed exploration program. Drilling successfully extended the main Apollo Hill mineralised corridor, further defined the higher grade +1.5g/t Au architecture within the main lode, and discovered a number of higher-grade, near-surface, hanging-wall lodes immediately adjacent and parallel to the current resource envelope.

We are delighted with the results which include intersections such as:

- 10m @ 5.78g/t Au from 46m including 5m @ 11g/t Au from 46m - AHRC0124;
- 13m @ 5g/t Au including: 4m @ 9.8g/t Au from 74m - AHRC0136;
- 16m @ 3.1g/t Au from 11m – including 12m @ 4.01g/t Au from 13m, including 6m @ 7.21g/t Au from 19m – all contained within 51m @ 1.08g/t from 11m - AHRC0208.

This work is in anticipation of an updated Resource estimation process due in the coming weeks.

In addition, first pass regional exploration drilling identified a number of important gold and geological trends in our greater greenfields land package and follow-up drilling is planned.

During the year, the company completed a number of successful capital raisings at successively higher prices which has provided a strong balance sheet and diversified Shareholder register. Your Company plans to continue driving the discovery process whilst maintaining a firm focus on expanding the Apollo Hill Resource base.

I look forward to an exciting year as we rapidly move Apollo Hill towards development and accelerate exploration for new opportunities across our surrounding 1000km² land package.

On behalf of all Shareholders I would like to thank Ian Bamborough, Kath Cutler and team for their excellent efforts and achievements since listing, along with Andrew Venn and Ryan Woodhouse for their continued strong support.

Yours Sincerely,



Rob Tyson
Chairman

Review of Operations



Saturn Metals Limited (Saturn) was incorporated on 2 June 2017 for the purposes of gold exploration and development and listed on the Australian Securities Exchange on 9 March 2018 after a successful spin out from Peel Mining Limited.

Saturn's primary objective is to focus on mineral exploration and resource opportunities that have the potential to deliver growth for shareholders.

Saturn's management strategy is to:

- continue a robust exploration program in respect to the Apollo and Ra deposits towards rapidly growing the Resource;
- conduct further exploration activities within the Apollo and Ra Resource Area towards identifying and growing new higher-grade gold lode/vein exploration targets and;
- commence a cost-effective exploration program in respect to its highly prospective District Tenement Package to seek, identify and develop large new Archaean Lode Gold deposits.

In addition, Saturn also intends to expand its current project portfolio by seeking opportunities to:

- apply for additional tenements to complement the Project; or
 - acquire, either by way of an asset or share purchase, complementary projects.
-
- **Shares on Issue: 63,642,859 (30/06/2019)**
 - **Share Price: \$0.30 (30/06/2019)**
 - **Market Capitalisation: \$19M**
 - **Cash: \$2.745M (30/06/2019)**
 - **0.685Moz 2012 JORC Resource**

Our flagship Apollo Hill Project is at the heart of the world-class Eastern Goldfields 650km NE of Perth, Western Australia.

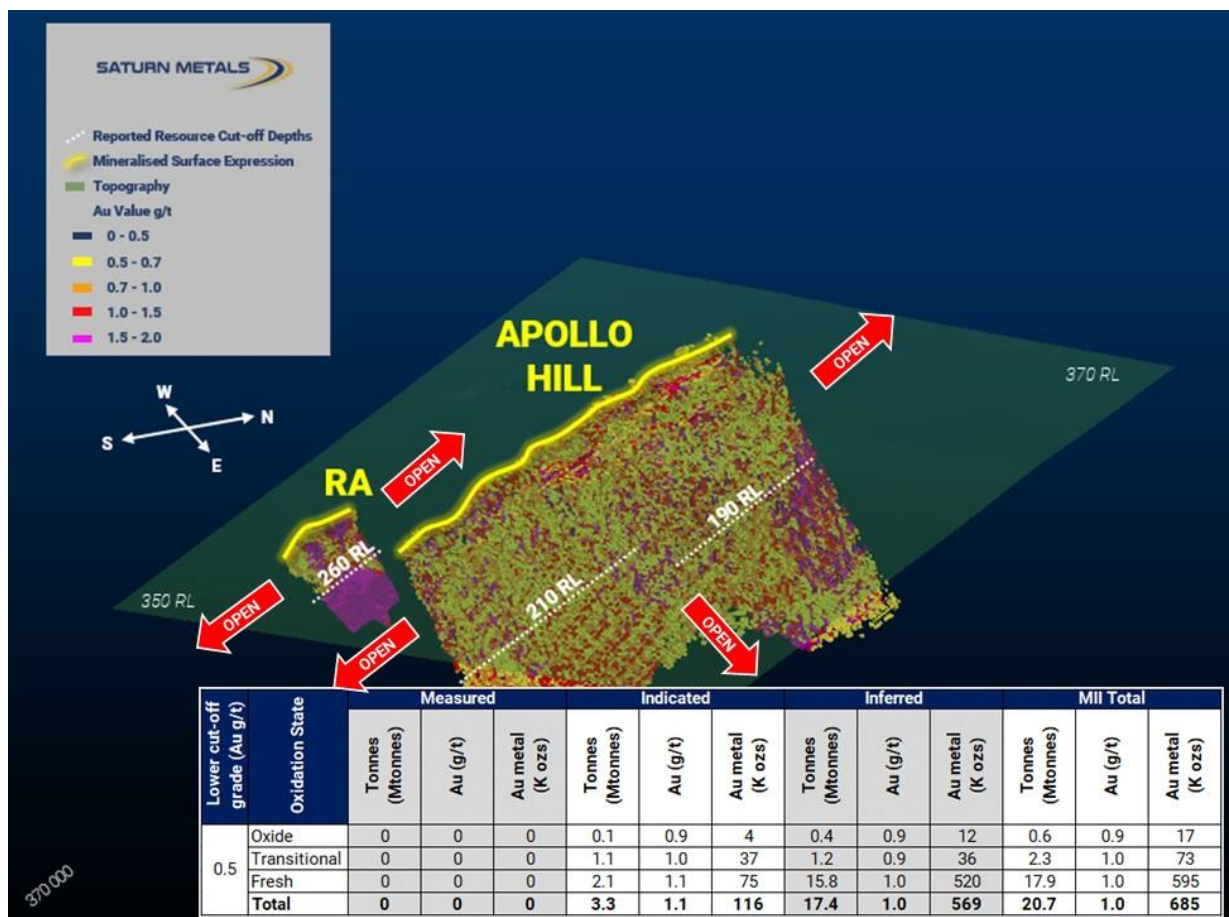
The Project is located approximately 60km by road from the gold mining and processing town of Leonora.

During the year the Company upgraded its flagship Apollo Hill deposit Indicated and Inferred Mineral Resource to 20.7 Mt @ 1.0g/t Au for 685,000oz reported above a cut-off grade of 0.5g/t (maximum depth of the Resource at 180m below surface)¹.

This represented:

- A 14% increase in deposit grade to 1.0g/t Au;
- A 36% increase in overall contained Mineral Resource to 685koz;
- Based on additional Saturn Metals drilling a total of 3.3Mt @ 1.1g/t Au for 116koz is now classified as an Indicated Mineral Resource representing a conversion of 22% of the previous Inferred Mineral Resource.

The deposit is characterised by simple metallurgy (free milling coarse gold with low cyanidation characteristics) and thick zones of mineralisation. Importantly, the deposit has potential for a low stripping ratio and a simple gravity gold focused circuit.



¹The models are reported above nominal RLs (190 mRL - approximately 180 metres below surface (mbs) for Apollo Hill northwest, 210 mRL approximately 150mbs for Apollo Hill southeast and 260 mRL, 90mbs for Ra deposit) and nominal 0.5 g/t Au lower cut-off grade for all material types. Classification is according to JORC Code Mineral Resource categories. Totals may vary due to rounded figures.

Since the last Resource upgrade in November 2018 the company has completed approximately 20,000m of RC and diamond drilling over a number of programs to test new exploration targets and provide information for an additional resource estimate.

Drilling successfully focused on:

- Extending the main Apollo Hill mineralised corridor;
- Further defining the higher grade +1.5g/t Au architecture within the main mineralised zone, and;
- The discovery of a number of improved grade, shallow, hanging-wall lodes immediately adjacent and parallel to the main Apollo Hill lode and resource envelope.

Significant near surface resource and extensional drilling intersections include:

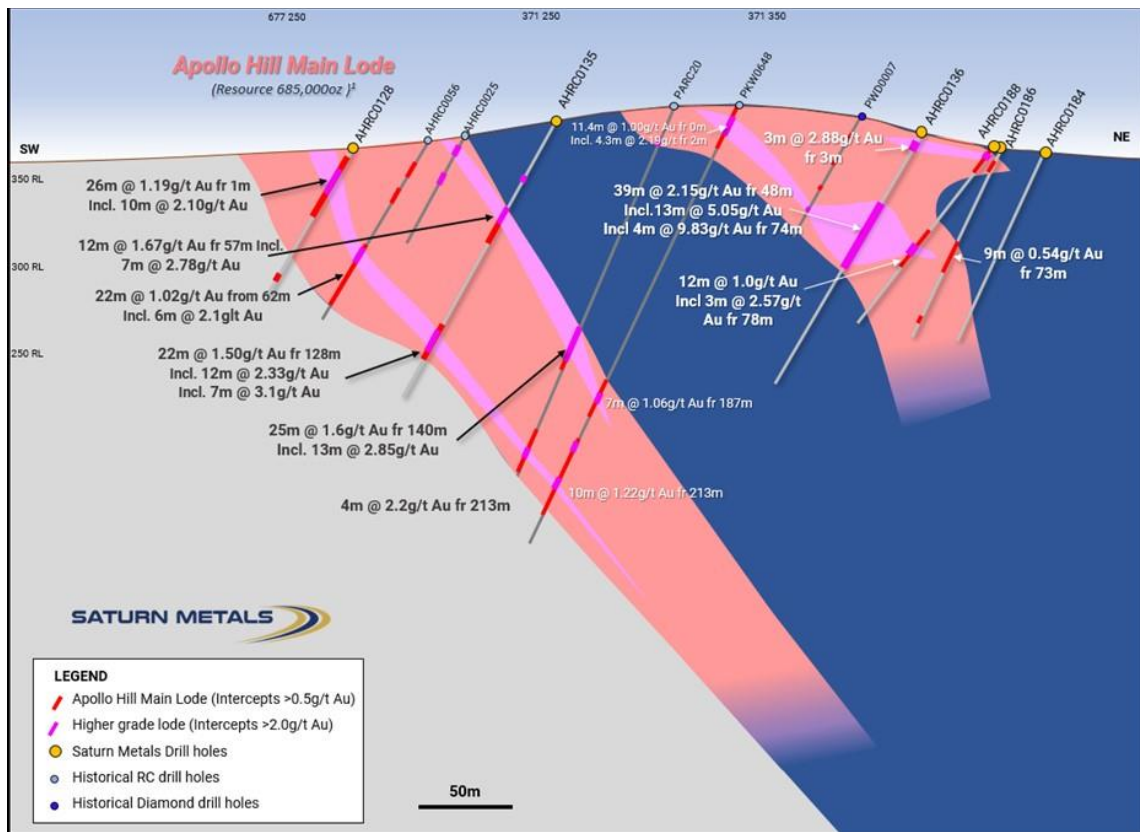
- 13m @ 3.81g/t Au from 119m within 23m @ 2.3g/t Au from 116m within 69m @ 1.0g/t Au from 63m - AHRC0154;
- 30m @ 1.23g/t Au from 88m including 15m @ 2.0g/t Au from 103m inc. 8m @ 2.7g/t Au from 103m - AHRC0149;
- 18m @ 1.30g/t Au from 18m including 8m @ 2.40g/t Au from 28m - AHRC0148;
- 26m @ 1.18g/t Au from 110m including 16m @ 1.53g/t Au from 110m - AHRC0121;
- 22m @ 1.11g/t Au from surface including 12m @ 1.5g/t Au from surface - AHRC0118;
- 14m @ 2.04g/t Au from 34m inc. 6m @ 4.55g/t Au - AHRC0156;
- 15m @ 1g/t Au from 55m including 6m @ 2.05g/t Au from 64m - AHRC0121;
- 22m @ 1.50g/t Au from 128m inc. 12m @ 2.33g/t Au from 128m - AHRC0135;
- 26m @ 1.19g/t Au from 1m inc. 10m @ 2.1g/t Au from 8m - AHRC0128;
- 19m @ 1.16g/t Au from 47m inc. 8m @ 2.17g/t Au from 51m - AHRC0134; and
- 7m @ 2.78g/t Au from 57m - AHRC0135.

Significant hanging-wall discovery intersections include:

- 10m @ 5.78g/t Au from 46m including 5m @ 11g/t Au from 46m - AHRC0124;
- 13m @ 5g/t Au including: 4m @ 9.8g/t Au from 74m - AHRC0136;
- 16m @ 3.1g/t Au from 11m – including 12m @ 4.01g/t Au from 13m, including 6m @ 7.21g/t Au from 19m – all contained within 51m @ 1.08g/t from 11m - AHRC0208;
- 17m @ 2.96g/t Au from 41m – including 10m @ 4.82g/t Au from 45m, which also includes 4m @ 9.31g/t Au from 51m all contained within 28m @ 1.8g/t from 39m - AHRC0221;
- 5m @ 5.39g/t Au from 96m within 16m @ 1.80g/t Au from 85m - AHRC0164;
- 7m @ 3.39g/t Au from 31m - AHRC0146;
- 18m @ 2.00g/t Au from 37m including 6m @ 5.21g/t Au from 37m - AHRC0127;
- 4m @ 6.72g/t Au from 76m contained within 23m @ 1.38g/t from 76m - AHRC0212.

Intersections compare favourably with historic mineralised intervals and highlight the potential to increase the scale and grade of the known gold system from the current 0.685Moz JORC 2012 compliant inferred gold resource of 20.7 Mt at 1.0g/t Au¹.

A resource estimation process has begun with a new statement planned for later in 2019.



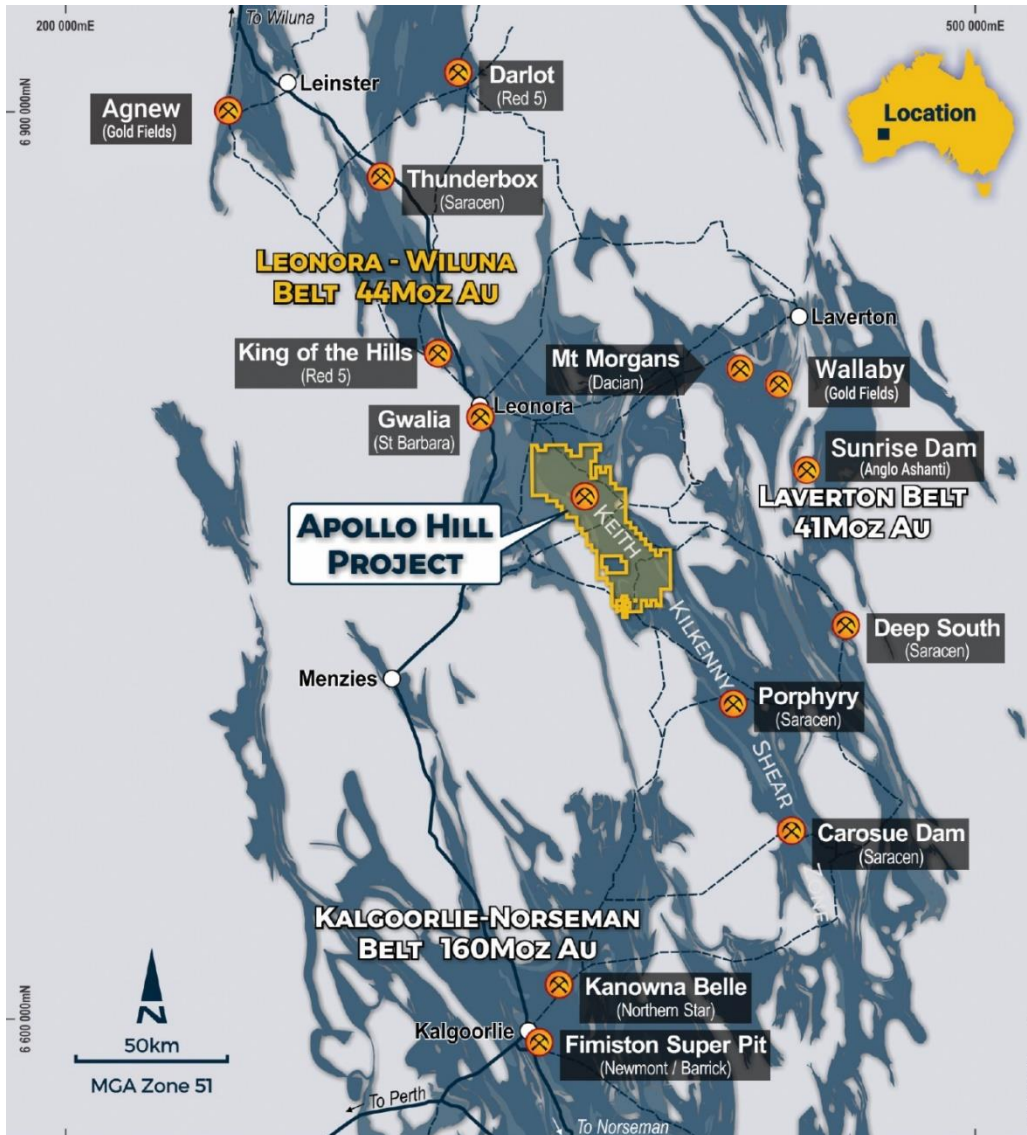
Ongoing Metallurgical Testwork – Positive

This year a laser ore sorting test on a sample of Apollo Hill mineralised material returned excellent first pass results and highlighted the deposits amenability to this type of mineral processing upgrade. Ongoing mineralogical and metallurgical test work continues to show simple rapid cyanidation characteristics and a high gravity component.

Excellent Infrastructure, Key Strategic Land Position

The Apollo Hill Project comprises 20 highly prospective gold mining, exploration and prospecting licenses (approximately 1,000km² of contiguous ground)

Saturn Metals tenure holds a central strategic land position amongst major and mid-tier Australian and International gold companies.



Geology and Mineralisation

Located in the Archean aged Norseman-Wiluna Greenstone Belt, the Apollo Hill deposit occurs in a mineralised structure associated with the 5km long and 500m wide Apollo-Ra Shear zone. This shear zone is a parallel component of the district prevalent, gold fertile, and highly prospective Keith-Kilkenny Fault system.

The extensive and intense hydrothermal alteration exhibits all the hallmarks of a major mineralised Archean lode gold system.

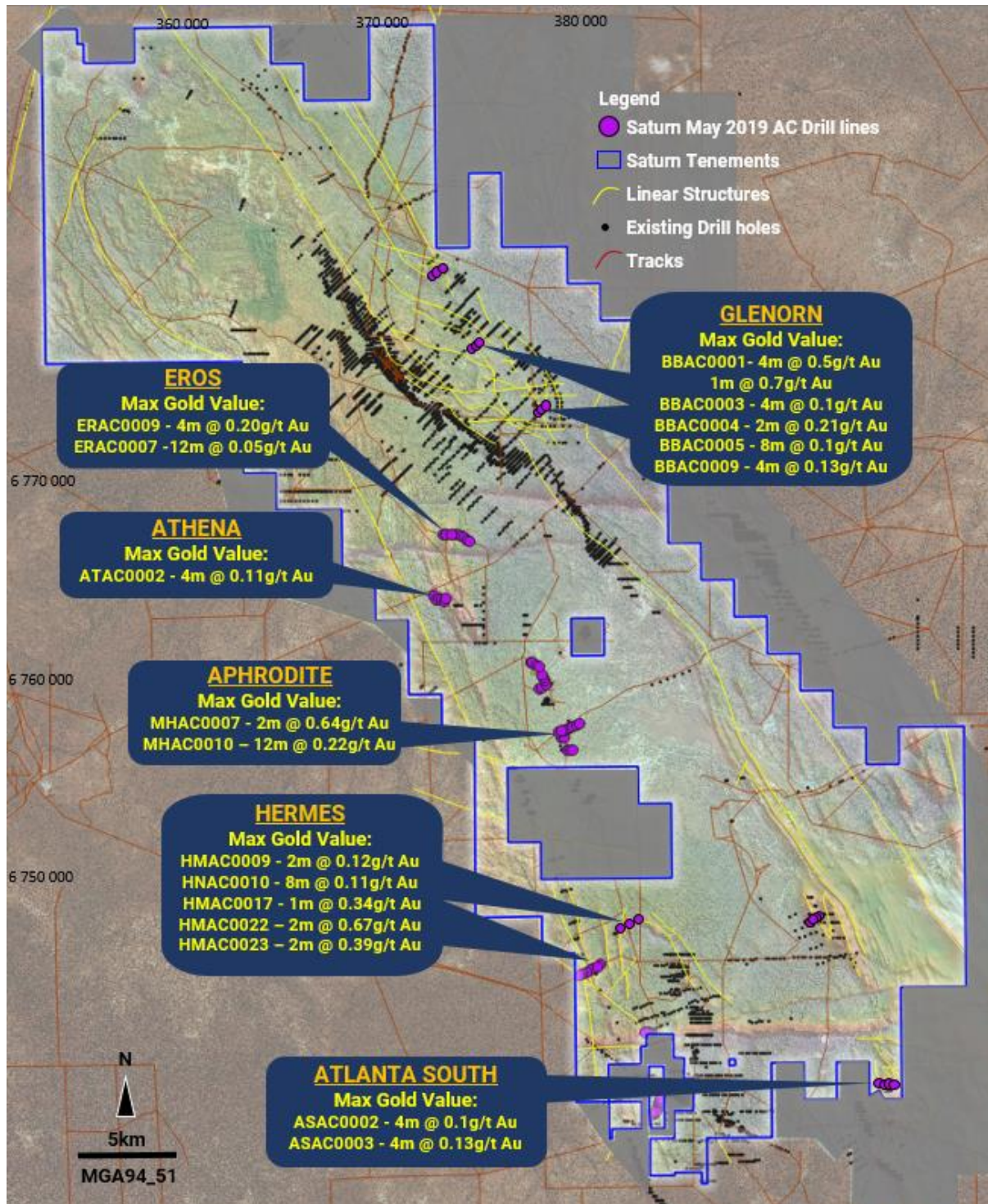
The Company has identified several high priority regional prospects for follow up drilling.

Regional Exploration

Potential to re-write the geology, prospectivity and history of the District

A two phase 7,045m 137-hole aircore drilling program was undertaken at multiple targets across Saturn Metals Keith Kilkenny regional land package. Drilling was undertaken to assess several targets identified as a result of last year's high resolution airborne magnetics and ground gravity surveys.

Results of this first pass drilling identified several anomalous areas.

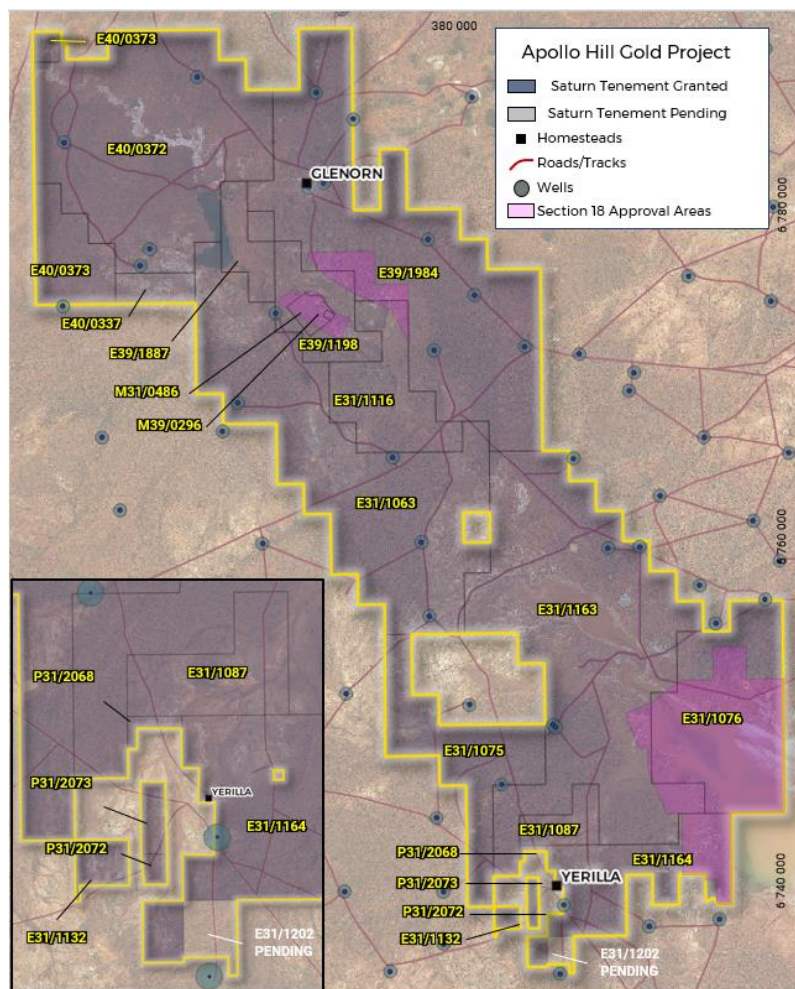


Best results were returned at Glenorn/Bob's Bore where a broad (400m wide) anomalous zone of mineralisation (~0.1- 0.7g/t Au) is noted in bottom of hole assays across the gold prospective Keith Kilkenny shear zone, approximately 3.5km east of Apollo Hill. These intersections are also 500m south of Bob's Bore, where historic drill results including PHA0369, 9m @ 10.9g/t Au from 90mb have been returned. Whilst the Bob's Bore results returned were located under significant cover these intersections are material from a regional perspective with multiple kilometres of strike length of this gold prospective structure remaining open to the north and south where cover is interpreted to thin.

Anomalous results at Atlanta South are seen in association with gold prospective syenite geology. Further work is being planned in this area. Syenite intrusions are noted in the surrounding greenstone at the nearby Dacian Mt Morgans Operation and at Saracen's Porphyry deposit.

The Company successfully undertook a Section 18 Aboriginal Heritage Site Clearance with the Department of Indigenous Affairs and Traditional Aboriginal Landowners over the Bob's Bore and Atlanta regional exploration trends and over Apollo Hill (total land area of 102km²). Cleared areas are illustrated on the tenement map. Section 18 clearance work has paved the way for broad spaced first pass reconnaissance AC drilling over the Bob's Bore and Atlanta areas where multiple kilometres of strike length of gold prospective stratigraphy and structure remain to be tested.

The Company's tenement package is illustrated below. All tenements are 100% owned by Saturn Metals Limited. Saturn Metals Limited currently holds 1,049km² of contiguous tenements in 20 mining, exploration and prospecting licenses.



Saturn Metals Limited Tenement Map and Land Holdings

Schedule of Tenements

Tenement	Name/Location	Current Area	Area Unit	Measured km ²	Grant Date	Expiry Date
E31/1063	APOLLO HILL	56	Standard Block	168	9/03/2015	8/03/2020
E31/1075	APOLLO	19	Standard Block	55.8	9/03/2015	8/03/2020
E31/1076	APOLLO	28	Standard Block	83.8	10/03/2015	9/03/2020
E31/1087	YERILA	4	Standard Block	12.0	19/03/2015	18/03/2020
E31/1116	APOLLO HILL	14	Standard Block	42.0	26/07/2016	25/07/2021
E31/1132	YERILLA	1	Standard Block	2.3	1/02/2017	31/01/2022
E31/1163	APOLLO HILL	70	Standard Block	214	27/04/2018	26/04/2023
E31/1164	APOLLO HILL	17	Standard Block	48.8	27/04/2018	26/04/2023
E39/1198	APOLLO HILL	11	Standard Block	28.6	31/03/2009	30/03/2021
E39/1887	APOLLO HILL	5	Standard Block	15.0	24/02/2016	23/02/2021
E39/1984	GLENORN	61	Standard Block	183.0	30/03/2017	29/03/2022
E40/0337	APOLLO	7	Standard Block	21.0	3/12/2014	2/12/2019
E40/372	APOLLO HILL	55	Standard Block	165.1	3/07/2018	2/07/2023
E40/373	APOLLO HILL	14	Standard Block	21.4	16/11/2019	15/11/2024
M31/0486	APOLLO HILL	411	Ha	4.1	12/03/2015	11/03/2036
M39/0296	APOLLO HILL	25	Ha	0.2	30/09/1993	29/09/2035
P31/2068	YERILLA	78	Ha	0.8	8/05/2015	7/05/2021
P31/2072	YERILLA	68	Ha	0.7	8/05/2015	7/05/2021
P31/2073	YERILLA	166	Ha	1.7	8/05/2015	7/05/2021
E31/1202	YERILLA	2	Standard Block	2.9	E Application	

Saturn Metals Limited Current Tenement Holdings

Mineral Resource Estimation Governance Statement

During the year, the Company provided an update to JORC 2012 Apollo Hill Mineral Resource estimate.

Saturn Metals Limited has ensured that the Mineral Resource estimates are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken a review of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, Saturn Metals Limited carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

The Mineral Resource estimate for Apollo Hill was compiled and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition.

The table below sets out the Mineral Resource reported in 2017 (no change June 2018).

Apollo Hill Inferred Mineral Resource estimate based on a 0.5 g/t Au cut-off grade

Mineral Resource - as at 30 June 2017			
Apollo Hill Gold Project	Mt	Au g/t	Koz
Ra Zone	1.2	1.1	42
Apollo Hill	16	0.9	463
Total	17.2	0.9	505

Note: The figures in the above table are rounded to reflect the precision of the estimates and include rounding errors.

The table below sets out the updated November 2018 Apollo Hill Mineral Resource

Lower cut-off grade (Au g/t)	Oxidation State	Measured			Indicated			Inferred			Mill Total		
		Tonnes (Mtonnes)	Au (g/t)	Au metal (K ozs)	Tonnes (Mtonnes)	Au (g/t)	Au metal (K ozs)	Tonnes (Mtonnes)	Au (g/t)	Au metal (K ozs)	Tonnes (Mtonnes)	Au (g/t)	Au metal (K ozs)
0.5	Oxide	0	0	0	0.1	0.9	4	0.4	0.9	12	0.6	0.9	17
	Transitional	0	0	0	1.1	1.0	37	1.2	0.9	36	2.3	1.0	73
	Fresh	0	0	0	2.1	1.1	75	15.8	1.0	520	17.9	1.0	595
	Total	0	0	0	3.3	1.1	116	17.4	1.0	569	20.7	1.0	685

The models are reported above nominal RLs (190 mRL – approximately 180 metres below surface (mbs) for Apollo Hill northwest, 210 mRL approximately 150mbs for Apollo Hill southeast and 260 mRL 90mbs for Ra deposit) and nominal 0.5 g/t Au lower cut-off grade for all material types.

Saturn Metals advise that there is no material depletion by mining within the model area.

Estimation is by localized multiple indicator kriging for Apollo Hill zone; estimation of Ra zone used restricted ordinary kriging due to limited data.

The model assumes a 7.5 mE by 7.5 mN by 5 mRL Selective Mining Unit (SMU) for selective open pit mining.

The final models are SMU models and incorporate internal dilution to the scale of the SMU.

Technically the models do not account for mining related edge dilution and ore loss. These parameters should be considered during the mining study as being dependent on grade control, equipment and mining configurations including drilling and blasting.

Classification is according to JORC Code Mineral Resource categories.

Totals may vary due to rounded figures.

Mineral Resource Estimation Governance Statement

Competent Persons Statements - Resource

Apollo Hill and Apollo Hill Project

The information in this report that relates to Exploration Targets, geology, and Exploration Results and data compilation is based on information compiled by Kathryn Cutler, a Competent Person who is a Member of The Australian Institute of Mining and Metallurgists. Kathryn Cutler is a fulltime employee of the Company. Kathryn Cutler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Kathryn Cutler consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this announcement that relates to the Apollo Hill Mineral Resource estimate (gold) is based on information compiled and generated by Ingvar Kirchner, an employee of AMC Consultants. Mr Kirchner consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports. Mr Kirchner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Your Directors present their report on the entity Saturn Metals Limited ("Company"), for the financial year ended 30 June 2019 and the comparative period.

Directors

The following persons were Directors of Saturn Metals Limited during the financial year and up to the date of this report.

Ian Bamborough

Robert Tyson

Andrew Venn

Directors' interests in shares and options

Directors' interests in shares and options as at the date of this report are set out in the table below.

<i>Director</i>	<i>Shares Directly and Indirectly Held</i>	<i>Options</i>	<i>Performance Rights</i>
Ian Bamborough	1,563,941	3,500,000	-
Robert Tyson	710,000	1,000,000	-
Andrew Venn	250,000	1,000,000	-

Principal activities

The principal activity of the Company is the exploration for economic deposits of precious metals. For the period of this report, the emphasis has been gold focused exploration near Leonora, in Western Australia.

Results

The loss for the Company for the financial year after providing for income tax amounted to \$1,187,119 (2018: \$857,320). Loss per share \$0.02 (2018: \$0.03).

Dividends

No dividends were paid or proposed during the year.

Review of operations

A review of the operations of the Company during the financial year are contained in pages 6 to 13 in this report.

Significant changes in the state of affairs

Contributed equity increased during the financial year by \$1,500,000 through the issue of 7,142,858 ordinary shares as part of a placement to professional shareholders.

500,000 performance rights were converted to fully paid ordinary shares for no consideration issued to the Chairman due to the release to the ASX of the Resource upgrade at the Apollo Hill Gold Project within 12 months of the offer as defined in the Saturn Limited's IPO Prospectus.

Details of changes in contributed equity is disclosed in note 8 in the financial statements.

The Directors are not aware of any other significant changes in the state of affairs of the Company occurring during the financial year, other than disclosed in this report.

Events occurring after balance date

The company held a general meeting of shareholders on the 12th August 2019, to ratify the placement of 7,142,858 ordinary shares, issued under ASX Listing Rule 7.1, to professional shareholders. This resolution was passed by shareholders at the meeting.

On, 26th August 2019, the Company announced it had completed a share placement of 9,546,428 ordinary shares to institutional and sophisticated investors. The placement was completed at a share price of 35 cents per share to raise \$3,341,25TU (before costs). The new shares were quoted on the ASX on Monday 2nd September 2019.

Likely developments and expected results

It is the Board's current intention that the Company will seek to progress exploration on current projects. These activities are inherently risky and there are no certainties that the Company will successfully achieve its objectives.

Information on Directors

Ian Bamborough (BSc(Hons), MSc, MBA, MAIG, GAICD) – Managing Director

Mr Bamborough is a geologist with more than 20 years leadership experience in the mining industry. Mr Bamborough developed his career with Newmont Mining Corporation and was more recently managing Director of ASX listed Spectrum Rare Earths Limited. Mr Bamborough has previously served as a Director of the Northern Territory Mining Board, and currently holds directorships with private exploration and mining companies Roman Road Pty Ltd and Reef Mining Pty Ltd.

The Board considers that Mr Bamborough is not an independent Director.

Mr Bamborough holds 1,563,941 shares in Saturn Metals Limited and 3,500,000 share options.

Robert Maclaine Tyson (B.App Sc(Geol), GradDip Applied Finance(SIA) MAusIMM) – Executive Chairman

Mr Tyson is a geologist with more than 20 years resources industry experience having worked in exploration and mining-related roles for companies including Cyprus Exploration Pty Ltd, Queensland Metals Corporation NL, Murchison Zinc Pty Ltd, Normandy Mining Ltd and Equigold NL. My Tyson is the Managing Director of Peel Mining Limited, a role he has held for 12 years.

The Board considers that My Tyson is not an independent Director.

Mr Tyson holds 710,000 shares in Saturn Metals Limited and 1,000,000 share options.

Andrew Venn (BBus, GradDip Applied Finance, FFin) – Non-Executive Director

Mr Venn has over 20 years mining industry experience and currently holds a senior executive position with DDH1 Drilling Pty Ltd, a major mining contractor. Mr Venn has previously held senior positions across financing and operations for Argonaut Limited, Orica Mining Services and ICI Explosives and is a Fellow of the Financial Services Institute of Australia.

The Board considers that Mr Venn is an independent Director.

Mr Venn holds 250,000 shares in Saturn Metals Limited and 1,000,000 share options.

Ryan Woodhouse – Company Secretary

Mr Woodhouse has 12 years of experience in the mining and energy industries in the area of accounting and governance. He holds a Bachelor of Commerce from Curtin University and is a member of the Institute of Chartered Accountants. Mr Woodhouse is currently holds the position of Company Secretary with Peel Mining Limited.

Mr Woodhouse was appointed Company Secretary on 6 June 2017.

Meetings of Directors

Director's attendance at Directors meetings are shown in the following table:

<i>Director</i>	<i>Number held whilst in office</i>	<i>Number attended</i>
I Bamborough	8	8
R Tyson	8	8
A Venn	8	8

The remuneration report is set out under the following headings:

- a) Principles used to determine the nature and amount of remuneration
- b) Details of remuneration
- c) Service agreements
- d) Share-based compensation
- e) Option holdings of key management personnel
- f) Performance rights holdings of key management personnel
- g) Share holdings of directors and key management personnel, and
- h) Additional information

a) Principles used to determine the nature and amount of remuneration

The objective of the remuneration framework of Saturn Metals Limited is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's remuneration policy.

Board and senior management

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed. Senior management are paid based on applicable market rates.

Remuneration is not linked to past Company performance but rather towards generating future shareholder wealth through share price performance. The Board and management are issued share options in the company on a periodic basis as a means to link executive rewards to shareholder value.

The Company has recorded a loss this financial year to date. No dividends have been declared or paid during the reporting period.

Remuneration Report (Audited)

b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each of the Directors of Saturn Metals Limited and other key management personnel of the Company during the year ended 30 June 2019 are set out in the following table:

Table 1: Director and Key Management Personnel remuneration

	<i>Short-Term Employment Benefits</i>	<i>Post-Employment</i>	<i>Long-Term Benefits</i>	<i>Share Based Payment</i>		<i>Total</i>	<i>Performance Related</i>
	<i>Cash salary and fees</i>	<i>Super-annuation</i>	<i>Leave benefits</i>	<i>Options</i>	<i>Performance Rights</i>		
2019	\$	\$	\$	\$	\$	\$	%
Directors							
I Bamborough	201,684	25,730	-	170,761	-	398,175	43%
R Tyson	50,000	4,750	-	50,379	47,909	153,038	64%
A Venn	50,000	4,750	-	50,379	-	105,129	48%
Total	301,684	35,230		271,519	47,909	656,342	-

	<i>Short-Term Employment Benefits</i>	<i>Post-Employment</i>	<i>Long-Term Benefits</i>	<i>Share Based Payment</i>		<i>Total</i>	<i>Performance Related</i>
	<i>Cash salary and fees</i>	<i>Super-annuation</i>	<i>Leave benefits</i>	<i>Options</i>	<i>Performance Rights</i>		
2018	\$	\$	\$	\$	\$	\$	%
Directors							
I Bamborough	46,152	21,186	4,540	154,821	200,000	426,699	83%
R Tyson	16,667	1,583	-	34,656	52,091	104,997	83%
A Venn	16,667	1,583	-	34,656	-	52,906	66%
Total	79,486	24,352	4,540	224,133	252,091	584,602	-

c) Service agreements

Remuneration and other terms of employment for the Directors and key management personnel, except those of non-executive Directors are formalised in Employment Agreements or Letters of Offer. Details of the employment conditions for Directors and key management personnel are set out below:

The Company has entered into an executive services agreement with Mr Ian Bamborough pursuant to which Mr Bamborough is appointed Managing Director of the Company on the following terms:

- The Company will employ the Managing Director for an initial period of 6 months commencing on 12th August 2017 during which time the Company will seek to list on the ASX. Post listing, employment in this capacity will continue on a full time on basis.
- The Company will pay to the Managing Director for services rendered a salary of \$200,000 (excluding superannuation) per annum.
- The Managing Director is entitled to 1,000,000 Class A Options 1,000,000 Class B Options and 1,000,000 Class C Options as part of a long-term incentive program to be granted pursuant to the Company's Incentive Option Plan.
- The Company will reimburse the Managing Director for all reasonable expenses (including travel and accommodation) incurred in the performance of his duties.
- The Company may terminate the service agreement on 1 month's written notice during the Initial Period and without reason on 3 months' notice thereafter and immediately without notice in the event of serious misconduct.

Remuneration Report (Audited)

- (f) The Managing Director may terminate the executive service agreement at any time and without notice if the Company commits a serious breach of the executive service agreement or by giving three (3) months' notice to the Company.

The above Executive Service Agreement otherwise contains terms and conditions which are considered standard for agreements of their nature, including those relating to confidentiality, non-disclosure and assignment.

The Company has entered into an executive services agreement with Mr Robert Tyson pursuant to which Mr Tyson is appointed Executive Chairman of the Company on the following terms:

- (a) The service agreement will continue for a period of 6 months from 29th August 2017 unless terminated beforehand by either party. Post listing, employment in this capacity will be on an ongoing basis.
- (b) The Company will pay to the Executive for services rendered a salary of \$50,000 per annum (excluding superannuation) payable in equal monthly instalments in arrears (or as otherwise agreed) and to be reviewed annually.
- (c) In addition to the Salary, on the Commencement Date, the Executive Chairman will be issued 500,000 Class B Performance Rights under the Company's Performance Rights Plan (conditions defined below at Share-based Compensation).
- (d) The Executive Chairman is entitled to 500,000 Class A Options as part of a long-term incentive program to be granted under the Company's Incentive Option Plan.
- (e) The Company will reimburse the Executive Chairman for all reasonable expenses (including travel and accommodation) incurred in the performance of his duties.
- (f) The Company may terminate the service agreement without reason on 3 months' notice to the Executive Chairman, on 1 months' notice in the event of serious breach, incompetence or incapacity or summarily without notice if the Executive Chairman is convicted of a criminal offence.
- (g) The Executive Chairman may terminate the executive service agreement at any time and without notice if the Company commits a serious breach of the executive service agreement or by giving three (3) months' notice to the Company.

The above Executive Service Agreement otherwise contains terms and conditions which are considered standard for agreements of their nature, including those relating to confidentiality, non-disclosure and assignment.

The Company has entered into an appointment letter with Andrew Venn pursuant to which Mr Venn is appointed Non-Executive Director of the Company on the following terms:

- (a) Mr Venn's appointment will commence on 21 September 2017 and automatically ceases at the end of any meeting at which he is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Constitution;
- (b) \$50,000 per annum (excluding superannuation) payable by the Company fortnightly in arrears. Remuneration shall be subject to annual review by the Board of the Company and approval by the shareholders of the Company (if required);
- (c) Mr Venn is entitled to 500,000 Class A Options as part of a long-term incentive program.
- (d) The Company will reimburse Mr Venn for all reasonable expenses (including travel and accommodation) incurred in the performance of his duties where agreed by the Board.

The appointment letter otherwise contains terms and conditions that are considered standard for agreements of this nature.

d) Share-based compensation

(i) Options

Options over shares in Saturn Metals Limited may be granted under the Company's Incentive Option Plan which was created in September 2017 and approved by the Board. The Incentive Option Plan is designed to provide long-term incentives for Eligible Participants to deliver long-term shareholder returns. Under the plan, the Board may from time to time, at its absolute discretion, make a written offer to any Eligible Participant to apply for Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines. An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.

Details of options over ordinary shares in the Company provided as remuneration to each director and key management personnel of Saturn Metals Limited are set out below. When exercisable, each option is convertible into one ordinary share of Saturn Mining Limited. Further information on the options is set out in note 18(a) to the financial statements.

Name	Fair Value at Grant Date		Number of options granted during year		Number of options vested during year	
	2019	2018	2019	2018	2019	2018
	\$	\$				
Directors						
<i>Ian Bamborough</i>	77,225	403,785	500,000	3,000,000	1,000,000	-
<i>Robert Tyson</i>	77,225	66,529	500,000	500,000	500,000	-
<i>Andrew Venn</i>	77,225	66,529	500,000	500,000	500,000	-

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date have been determined using a Black-Scholes option pricing model that takes into account the exercise price, term of the option, impact of dilution, share price at grant date, price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

The classes, terms and conditions of each grant of options existing at reporting date is as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value per Option at Grant Date
6 December 2018	1) 50% vest on 1Moz at Apollo Hill 2) 20% on new 100koz discovery 3) 30% continuous employment for 2 years	6 Dec 2021	26.4 cents	15.4 cents
9 March 2018	Class A - 9 March 2019 (2,000,000) Class B - 9 March 2020 (1,000,000) Class C - 9 March 2021 (1,000,000)	9 Apr 2021	20.0 cents	13.0 cents

No options were exercised by Directors of Saturn Metals Limited.

(ii) Performance Rights

Performance Rights in Saturn Metals Limited may be granted under the Incentive Performance Rights Plan which was created in September 2017 and approved by the Board. The Incentive Performance Rights Plan is designed to provide short-term incentives for Eligible Participants to deliver short and long term shareholder returns. A Performance Right may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Performance Right. A Performance Right will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in the Performance Right;
- (ii) a vesting condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to waive the vesting conditions and vest the Performance Right in the circumstances set out in paragraph
- (iii) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;

No performance rights in the Company were issued during the year, however details of performance rights issued in the prior year provided as remuneration to Director's of Saturn Metals Limited are set out below. When conditions attaching to the right are met, each performance right is convertible into one ordinary share of Saturn Mining Limited. Further information on the performance rights is set out in note 18(b) to the financial statements.

Grant Date	Date Vested & No. Exercisable	Expiry Date	Exercise Price	Fair value per option at Grant Date
9 March 2018	Class A - 1,000,000 vesting upon successful listing of Saturn Metals Limited.	12 March 2018 (Exercised 2018)	Nil consideration	20 Cents
9 March 2018	Class B - 500,000 on release of an updated Resource estimate for the Apollo Hill Gold project.	9 March 2019 (Exercised 2019)	Nil consideration	20 Cents

Name	Fair Value at Grant Date		Number of performance rights granted during year		Number of performance rights vested during year	
	2019	2018	2019	2018	2019	2018
Directors	\$	\$				
<i>Ian Bamborough</i>	-	200,000	-	1,000,000	-	1,000,000
<i>Robert Tyson</i>	-	100,000	-	500,000	500,000	-
<i>Andrew Venn</i>	-	-	-	-	-	-

The fair value of the rights is determined on the market price of the company's shares at grant date, with an adjustment made to take into account the one-year vesting period. The maximum value of the performance rights shares yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. For the 2018 grant, the maximum value yet to vest for this grant was estimated based on the share price of the company at grant date. The minimum value of performance rights shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met. The Directors do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period (note 18(b)).

Remuneration Report (Audited)

e) Option holdings of key management personnel (KMP)

30 June 2019	Balance at the start of the year	Granted as compensation	Expired during year	Exercised	Other Change	Balance at end of the year	Vested and exercisable	Unvested
Directors								
I Bamborough	3,000,000	500,000	-	-	-	3,500,000	1,000,000	2,500,000
R Tyson	500,000	500,000	-	-	-	1,000,000	500,000	500,000
A Venn	500,000	500,000	-	-	-	1,000,000	500,000	500,000
KMP	4,000,000	1,500,000	-	-	-	5,500,000	2,000,000	3,500,000

No options were exercised by Directors of Saturn Metals Limited.

f) Performance rights holdings of key management personnel (KMP)

30 June 2019	Balance at the start of the year	Granted as compensation	Expired during year	Converted to Shares	Balance at end of the year	Vested and exercisable	Unvested
Directors							
I Bamborough	-	-	-	-	-	-	-
R Tyson	500,000	-	-	500,000	-	-	-
A Venn	-	-	-	-	-	-	-
KMP	500,000	-	-	500,000	-	-	-

g) Share holdings of Directors and key management personnel – Shares in Saturn Metals Limited (number)

30 June 2019	Balance at The start of the year	Received during the year conversion of performance rights	Other changes during the year	Closing balance
Directors				
I Bamborough	1,500,000	-	63,941	1,563,941
R Tyson	210,000	500,000	-	710,000
A Venn	250,000	-	-	250,000
KMP	1,960,000	500,000	63,941	2,523,941

h) Additional information

Other transactions with key management personnel

The company's Executive Chairman, Mr Robert Tyson is also the Managing Director of Peel Mining Limited, which has a 27.33% holding in the Company at the time of this report, and previous owner of the Apollo Hill Gold Project. During the year Saturn Metals Limited paid Peel Mining Limited for costs associated with shared Management Services. The total of transactions with Peel Mining Limited during the year was \$153,238 (2018: \$448,522). The outstanding balance at year-end was \$13,232 (2018: \$2,049.)

A non-executive Director, Mr Andrew Venn is also the COO of DDH1 Drilling Pty Ltd. Saturn Metals Limited purchased drilling services from DDH1 Drilling Pty Ltd during the year. The terms are based on normal commercial terms and conditions. The total transaction with DDH1 Drilling Pty Ltd during the year was \$92,729 (2018: \$246,571). There was nil outstanding balance at year-end (2018: \$246,571).

Cash bonuses

No cash bonuses have been paid by the Company during the financial year (2018: Nil).

Share-based compensation: options & performance rights

Other than options and performance rights granted under the Incentive Option Plan and the Performance Rights Plan as described in (d) above, there were no other options issued to or exercised by Directors of Saturn Metals Limited or key management personnel during the year.

Use of remuneration consultants

During the year ended 30 June 2019, the Company did not employ the services of a remuneration consultant to review its existing remuneration policies and to provide recommendations in respect of both executive short-term and long-term incentive plan design.

Voting and comments made at the Company's Annual General Meeting

Saturn Metals Limited received 97% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Audited Remuneration Report

Shares under option

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

Date options granted	Expiry date	Issue price of shares	Number under option
6 December 2018	6 Dec 2021	26.4 cents	2,560,000
9 March 2018	9 Apr 2021	20.0 cents	4,000,000

No option holder has any right under the options to participate in any other share issue of the Company.

Shares issued on the exercise of options

Date of Exercise	Issue price of shares		Number of shares issued	
	2019	2018	2019	2018
	cents	cents	Number	Number
Nil	-	-	-	-

Shares issued on the conversion of performance rights

Date of Conversion	Issue price of shares		Number of shares issued	
	2019	2018	2019	2018
	cents	cents	Number	Number
6 December 2018	20 Cents	-	500,000	-
9 March 2018	-	20 Cents	-	1,000,000

Indemnification and Insurance of Directors and Officers

During the financial year the Company paid a premium of \$12,668 (2018: \$3,377) to insure the Directors and officers of the Company. The policy indemnifies each Director and officer of the Company against certain liabilities arising in the course of their duties.

Proceedings on behalf of the Company

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

Environmental Regulation

The Company holds exploration licences and mining leases in Australia. These licences specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the respective jurisdiction's guidelines and standards. The Company is not aware of any significant breaches of the licence condition.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included at the end of this financial report.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor as set out below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in *APEX 110 Code of Ethics for Professional Accountants*.

Details of the fees paid to the auditor during the year can be found at note 19 of the notes to the financial statements.

This report is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Board by:

Ian Bamborough



Managing Director
Perth, Western Australia
6th September 2019

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Interest revenue	10	80,126	27,334
Revenue and other income		80,126	27,334
Share-based remuneration	18	(365,565)	(476,224)
Employee and Directors' benefit expenses	11	(509,985)	(157,507)
Administration expenses		(391,695)	(250,923)
Loss before income tax		(1,187,119)	(857,320)
Income tax benefit (expense)	12	-	-
Loss from continuing operations after income tax		(1,187,119)	(857,320)
Other comprehensive income		-	-
Total Loss and comprehensive income for the year attributable to the members of Saturn Metals Limited		(1,187,119)	(857,320)
Basic Loss per share for the year attributable to the members of Saturn Metals Limited	20	(0.02)	(0.03)
Diluted Loss per share for the year attributable to the members of Saturn Metals Limited	20	(0.02)	(0.03)

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

Statement of Financial Position
For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	3	2,745,167	4,982,038
Trade and other receivables	4	170,942	195,080
Total Current Assets		2,916,109	5,177,118
Non-Current Assets			
Plant & equipment	5	109,228	101,379
Exploration assets	6	8,176,971	5,086,787
Total Non-Current Assets		8,286,199	5,188,166
Total Assets		11,202,308	10,365,284
Current Liabilities			
Trade and other payables	7	572,957	315,379
Total Current Liabilities		572,957	315,379
Total Liabilities		572,957	315,379
Net Assets		10,629,351	10,049,905
Equity			
Contributed equity	8	12,132,001	10,631,001
Accumulated losses	9	(2,044,439)	(857,320)
Option reserve	9	541,789	276,224
Total Equity		10,629,351	10,049,905

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

Statement of Changes in Equity
For the Year Ended 30 June 2019

		Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2017	Note				
Loss for the year	9	-	(857,320)		(857,320)
Total comprehensive loss for the year	9	-	(857,320)	-	(857,320)
Issue of share capital	8	11,200,001	-	-	11,200,001
Share issue expenses	8	(569,000)	-	-	(569,000)
Share based payments	9	-	-	276,224	276,224
Balance at 30 June 2018		10,631,001	(857,320)	276,224	10,049,905
Loss for the year		-	(1,187,119)	-	(1,187,119)
Total comprehensive loss for the year	9	-	(1,187,119)	-	(1,187,119)
Issue of share capital	8	1,600,000	-	-	1,600,000
Share issue expenses	8	(99,000)	-	-	(99,000)
Share based payments	9	-	-	265,565	265,565
Balance at 30 June 2019		12,132,001	(2,044,439)	541,789	10,629,351

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(771,285)	(562,596)
Net cash outflow from operating activities	13	(771,285)	(562,596)
Cash flows from investing activities			
Payments for exploration expenditure		(2,983,951)	(790,296)
Grant refunds		56,916	-
Payments for purchase of plant and equipment		(28,564)	(106,020)
Interest received		89,013	9,949
Net cash outflow from investing activities		(2,866,586)	(886,367)
Cash flows from financing activities			
Proceeds from issue of shares		1,500,000	7,000,001
Transaction costs of issue of shares		(99,000)	(569,000)
Net cash inflow from financing activities		1,401,000	6,431,001
Net (decrease)/increase in cash and cash equivalents		(2,236,871)	4,982,038
Cash and cash equivalents at the start of year		4,982,038	-
Cash and cash equivalents at the end of year	3	2,745,167	4,982,038

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

1. Significant Changes to Accounting Policy

The principal accounting policies adopted in the preparation of the financial report are set out in the notes below including note 21. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements for the Company at the end of, or during the financial years ended 30 June 2019 and the comparative period.

2. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief decision maker has been identified as the Board of Directors. The Board of Directors have determined that Saturn Metals Limited only has one segment, being exploration for precious metals at its tenement package, south of Leonora, Western Australia.

3. Cash & Cash Equivalents

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and short-term deposits held at call (other than deposits used as cash backing for performance bonds) with financial institutions. Any bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

	2019	2018
	\$	\$
Cash at bank and in hand	245,167	732,038
Term deposits with financial institutions	2,500,000	4,250,000
	2,745,167	4,982,038

Refer to note 14 for the policy on financial risk management

4. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Other current receivables and prepayments were previously presented together with trade receivables but are now presented as other financial assets at amortised cost (receivables) and other current assets (prepayments) in the balance sheet, to reflect their different nature.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the Company performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

The Company has applied the new rules retrospectively from 1 July 2018, and no material provision for credit losses was required to be recognised in the current period ending 30 June 2019.

	2019	2018
	\$	\$
Receivables (Current)		
GST recoverable from taxation authority	128,059	161,191
Accrued income	8,498	17,384
Grant receivable	17,233	-
Prepayments	17,152	16,505
	170,942	195,080

Refer to note 14 for the policy on financial risk management

5. Property, Plant & Equipment

Plant and equipment

All assets acquired, including plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives from the time the asset is held ready for use as follows:

- Plant	3-10 years
- Vehicles	3-8 years
- Office equipment	3-5 years
- Computer software	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is impaired.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs of disposal and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Nil impairment losses have been recognised for the year ending 30 June 2019 (2018: \$nil).

	2019	2018
	\$	\$
<i>Plant and equipment</i>		
Depreciating plant and equipment	134,584	106,020
Less accumulated depreciation	(25,356)	(4,641)
Total property, plant and equipment	109,228	101,379
Reconciliation		
Carrying amount at beginning of year	101,379	-
Additions	28,564	106,020
Depreciation expense	(20,715)	(4,641)
Disposals	-	-
Closing balance	109,228	101,379

6. Exploration and evaluation assets

All exploration and evaluation expenditure is capitalised under AASB 6 Exploration for and Evaluation of Mineral Resources. Mineral interest acquisition costs and exploration and evaluation expenditure incurred is accumulated and capitalised in relation to each identifiable area of interest. These costs are only carried forward to the extent that the Company's right to tenure to that area of interest are current and either the costs are expected to be recouped through successful development and exploitation of the area of interest (alternatively by sale) or where areas of interest have not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise

Notes to the Financial Statements

of economically recoverable reserves, and active, and significant operations are undertaken in relation to the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the exploration and evaluation phase or development phase until production commences.

Grants (R&D Tax Incentive grant income /Co Operative Drill Funding)

The Company accounts for funds received from the ATO under the Research and Development (“R&D”) Tax Incentive Scheme as an offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised. During the year, the Company also received a refund through the Co-Operative Drill Funding scheme through the Western Australian Government. These funds are also offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised.

	2019	2018
	\$	\$
At cost	8,176,971	5,086,787
Reconciliation		
Opening balance	5,086,787	-
Acquisition of Apollo Hill Gold project	-	4,000,000
Exploration expenditure	3,147,100	1,086,787
Grant Refund	(56,916)	-
Closing balance	8,176,971	5,086,787

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

7. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually payable within 30 days of invoice. The carrying amounts of trade and other payables are considered the same as their fair values, due to their short-term nature.

	2019	2018
	\$	\$
Trade payables	128,055	261,524
Accrued expenses & other payables	444,902	53,855
	572,957	315,379

8. 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity acquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) are recognised directly in equity.

Notes to the Financial Statements

(a) Share capital

	2019		2018	
	Number of Shares	\$	Number of Shares	\$
Authorised and issued, ordinary shares fully paid	63,642,859	12,132,001	56,000,001	10,631,001

(b) Movements in ordinary share capital

Opening balance, 1 July	56,000,001	10,631,001	1	1
Shares issued for the purchase of Apollo Hill Gold Project	-	-	20,000,000	4,000,000
Shares issued as a result of initial public offering	-	-	35,000,000	7,000,000
Shares issued as a result of conversion of performance rights	500,000	100,000	1,000,000	200,000
Shares issued as a result of share placements	7,142,858	1,500,000		
Transaction costs on share issues	-	(99,000)	-	(569,000)
Closing balance, 30 June	63,642,859	12,132,001	56,000,001	10,631,001

(c) Ordinary shares

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

(d) Options & performance rights

Information relating to options and performance rights issued during the year is set out in note 18.

(e) Capital risk management

In employing its capital, the Company seeks to ensure that it will be able to continue as a going concern and in time provide value to shareholders by way of increased market capitalisation and/or dividends. In the current stage of its development, the Company has invested its available capital in acquiring and exploring mining tenements. As is appropriate at this stage, the Company is funded entirely by equity. As it moves forward to develop its tenements towards production, the Company will adjust its capital structure to support its operational and strategic objectives, by raising additional capital or taking on debt, as is seen to be appropriate from time to time given the overriding objective of creating shareholder value. In this regard, the Board will consider each step forward in the development of the Company on its merits and in the context of the then capital markets, in deciding how to structure funding arrangements.

9. Reserves and accumulated losses

	2019	2018
	\$	\$
<i>(i) Accumulated losses</i>		
Opening balance	857,320	-
Loss for the year	1,187,119	857,320
Closing balance	2,044,439	857,320
<i>(ii) Share-based payments reserve</i>		
Opening balance	276,224	-
Option expenses (Director options)	271,519	224,133
Option expenses (Employee options)	46,137	-
Net Performance rights (Directors rights)	(52,091)	52,091
Closing balance	541,789	276,224

Notes to the Financial Statements

Nature and purpose of reserve

The share-based payment reserve represents the fair value of equity benefits provided to Directors and employees as part of their remuneration for services provided to the Company paid for by the issue of equity.

Share options and reserve movements

	2019		2018	
	Options	\$	Options	\$
Opening balance	4,000,000	224,133	-	-
Options issued to Directors	1,500,000	271,519	4,000,000	224,133
Options issued to Employees	1,060,000	46,137		
Exercised	-	-	-	-
Closing balance	6,560,000	541,789	4,000,000	224,133
Exercisable at 26.4 cents each on or before 6 Dec 21	1,500,000		-	
Exercisable at 26.4 cents each on or before 6 Dec 21	1,060,000		-	
Exercisable at 20 cents each on or before 9 March 2019	2,000,000		2,000,000	
Exercisable at 20 cents each on or before 9 March 2020	1,000,000		1,000,000	
Exercisable at 20 cents each on or before 9 March 2021	1,000,000		1,000,000	
Exercisable at 26.4 cents each on or before 6 Dec 21	1,500,000		-	
Exercisable at 26.4 cents each on or before 6 Dec 21	1,060,000		-	
	6,560,000		4,000,000	

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value (note 18(a)).

Performance rights and reserve movements

	2019		2018	
	Performance Rights	\$	Performance Rights	\$
Opening balance	500,000	52,091	-	-
Performance Rights issued to Directors	-	47,909	1,500,000	252,091
Performance Rights converted to ordinary shares	(500,000)	(100,000)	(1,000,000)	(200,000)
Closing balance	-	-	500,000	52,091

The fair value of the rights is determined on the market price of the company's shares at grant date, with an adjustment made to take into account the one-year vesting period. The maximum value of the performance rights shares vested has been determined as the amount of the grant date fair value of the rights that is expensed. For the 2018 grant, the maximum value vested for this grant was estimated based on the share price of the company at grant date. The minimum value of performance rights shares vested is nil, as the shares will be forfeited if the vesting conditions are not met. The Directors do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period. (note 18(b)).

10. Other Income

Income recognition

Income is recognised to the extent that it is probable that the economic benefit will flow to the Company and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised.

Interest income

Income is recognised as the interest accrues using the nominal interest rate.

	2019	2018
	\$	\$
Interest Income	80,126	27,334
Total	80,126	27,334

11. Expenses

Loss before income taxes includes the following specific expenses:

	2019	2018
	\$	\$
Employees and Director's benefit expenses		
Employment costs	397,585	56,732
Directors' fees	100,000	34,917
Recruitment costs	12,400	65,858
	509,985	157,507

12. Income tax

The income tax expense (or benefit) for the period is the tax payable (or refundable) on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit and loss for the year.

The Company has total carried forward tax losses arising in Australia of \$1,734,380 (2018: \$417,945) available for offset against future assessable income of the Company. The deferred tax asset in respect of these losses has been used to offset a deferred tax liability. The net deferred tax asset attributable to the residual tax losses of \$853,458 has not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

13. Reconciliation of cash flows from operating activities to loss after income tax

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and short term deposits held at call (other than deposits used as cash backing for performance bonds) with financial institutions. Any bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

	2019	2018
	\$	\$
Net cash outflow from operating activities	(771,285)	(562,597)
Adjustments for		
Share-based payments	(365,565)	(476,224)
Depreciation	(21,347)	(4,641)
Interest received and receivable	80,126	27,334
Change in operating assets and liabilities		
Increase/(decrease) in receivables	(32,404)	177,696
Increase in payables	(76,644)	(18,888)
Loss after income tax	(1,187,119)	(857,320)

14. Financial Risk Management

Overview

The Company is exposed to financial risks through the normal course of its business operations. The key risks impacting the Company's financial instruments are considered to be, interest rate risk, liquidity risk, and credit risk. The Company's financial instruments exposed to these risks are cash and cash equivalents, trade receivables, trade payables and other payables.

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Management assesses the credit quality of the counterparties by taking into account its financial position, past experience and other factors. For banks and financial institutions, management considers independent ratings and only dealing with banks licensed to operate in Australia.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Tax receivables and prepayments do not meet the definition of financial assets.

Risk management

The Company limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings.

The Company operates in the mining exploration sector and does not have trade receivables from customers.

Impairment losses

At 30 June 2019 the Company has not recognised any impairment losses.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company

Notes to the Financial Statements

manages liquidity by maintaining adequate reserves by continuously monitoring forecast and actual cash flows ensuring there are appropriate plans in place to finance these future cash flows.

Typically, the Company ensures it has sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

	Financial Obligations \$
30 June 2019	
Trade and other payables less than 6 months	572,957
30 June 2018	
Trade and other payables less than 6 months	315,379

Interest rate risk

Interest rate risk is the risk that the Company's financial position will be adversely affected by movements in interest rates, cash and cash equivalents at variable rates exposes the Company to cash flow interest rate risk. The Company is not exposed to fair value interest rate risk as all of its financial assets and liabilities are carried at amortised amount.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

		Carrying Amount	
		2019 \$	2018 \$
Short term cash deposits	4	2,500,000	4,250,000

Cash flow sensitivity analysis for variable rate instruments of the Company

At 30 June 2019 if interest rates had changed +/- 100 basis points from year end rates with all other variables held constant, equity and post-tax loss would have been \$25,000 lower/higher (2018: \$42,500 lower/higher).

Fair values

The carrying values of all financial assets and financial liabilities, as disclosed in the statement of financial position, approximate their fair values.

15. Contingencies & Commitments

The Company had no contingent assets or liabilities as at 30 June 2019 (2018: \$Nil).

Operating lease commitments

The Company had no operating lease commitments within 12, before 60 or later than 60 months as at 30 June 2019.

Exploration commitments

Under the terms of mineral tenement licences held by the Company, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be subject to variation from time to time in accordance with the relevant state department's regulations. The Company may at any time relinquish tenements and as such avoid the requirement to meet applicable expenditure requirement or may seek exemptions from the relevant authority.

Expenditure commitments within one year at the reporting date but not recognised as liabilities were \$615,580 (2018: \$622,860). Due to the uncertain nature of exploration and the fact that the Company may at any time relinquish tenements it does not believe it to be appropriate to recognise these commitments post 12 months. The Company had no other expenditure commitments greater than 12 months.

16. Events after the reporting period

The company held a general meeting of shareholders on the 12th August 2019, to ratify the placement of 7,142,858 ordinary shares, issued under ASX Listing Rule 7.1, to professional shareholders. This resolution was passed by shareholders at the meeting.

On, 26th August 2019, the Company announced it had completed a share placement of 9,546,428 ordinary shares to institutional and sophisticated investors. The placement was completed at a share price of 35cents per share to raise \$3,341,250 (before costs). The new shares were quoted on the ASX on Monday 2nd September 2019.

There were no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

17. Related Parties

In the prior year, the company purchased the Apollo Hill Gold Project from Peel Mining Limited for \$4,000,000 in shares. At 30 June 2019, Peel Mining Limited (PEX) held 31.43% of Saturn Metals Limited (2018: 35.71%). The Company engaged Peel Mining Limited in a non-exclusive basis to perform and provide administrative services and facilities through a service agreement. Throughout the year the Company made reimbursements to Peel Mining Limited for costs associated with the provision management services.

The Company also purchased drilling services from DDH1 Drilling Pty Ltd, which the Company's non-executive Director, Andrew Venn, is the Chief Operations Officer.

	2019	2018
	\$	\$
Compensation of key management personnel		
Short-term employee benefits	301,684	79,486
Post-employment benefits	35,230	24,352
Long-term benefits	-	4,540
Share-based payments	319,428	476,224
	656,342	584,602
	2019	2018
	\$	\$
Transactions with related parties		
Purchase of Mining and Exploration Leases from associate	-	4,000,000
Purchases of management service from associate	153,238	448,522
Purchases of goods and services from entities controlled by key management personnel	92,729	246,571
	245,967	4,695,093
	2019	2018
	\$	\$
Outstanding balances arising from purchases of services with related parties		
<i>Current payables</i>		
Peel Mining Limited	(13,232)	(2,049)
Entities controlled by key management personnel	-	(246,571)
	(13,232)	(248,620)

Other than the above, the Company had no other transactions with related parties.

18. Share-based payments

Share-based compensation benefits to directors, employees and consultants are provided at the discretion of the Board.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipient becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, term of the option, share price at grant date, expected price volatility of the underlying share, expected dividend yield and the risk free interest rate for the term of the option.

During the year the Company has granted options to Directors and employees through its Incentive Option Plan.

Total expenses arising from share-based payment transactions recognised in the profit and loss during the year were as follows:

(a) Options

	2019 Number	2019 \$	2018 Number	2018 \$
Options granted to Directors	1,500,000	271,519	4,000,000	224,133
Options granted to employees	1,060,000	46,137	-	-

Grant date	Expiry date	Exercise price Cents	Bal. at start of the year Number	Granted during the year Number	Expired during the year Number	Exercised during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
6 Dec 18	6 Dec 21	26.4	-	1,500,000	-	-	1,500,000	-
6 Dec 18	6 Dec 21	26.4	-	1,060,000	-	-	1,060,000	-
9 Mar 18	9 Apr 21	20.0	3,000,000	3,000,000	-	-	3,000,000	1,000,000
9 Mar 18	9 Apr 21	20.0	1,000,000	1,000,000	-	-	1,000,000	1,000,000
			4,000,000	6,560,000	-	-	6,560,000	2,000,000

Fair value of options granted

The assessed fair value at grant date of options granted to Directors during the period ended 30 June 2019 was 15 cents per option (2018: 13 cents). The assessed fair value at grant date of options granted to employees during the period ended 30 June 2019 was also 15 cents per option (2018: Nil). The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Notes to the Financial Statements

The model inputs for options granted during the years ended 30 June 2019 included:

	2019	2019
Recipient	Executive & Non-exec Director Options	Employee options
Options are granted for no consideration and vest accordingly	1) 50% vest on 1Moz at Apollo Hill 2) 20% on new 100koz discovery 3) 30% continuous employment for 2 years	1) 50% vest on 1Moz at Apollo Hill 2) 20% on new 100koz discovery 3) 30% continuous employment for 2 years
Exercise price	26.4 cents	26.4 cents
Grant date	6 December 2018	6 December 2018
Expiry date	6 December 2021	6 December 2021
Share price at grant date	25.11 cents (20 day VWAP)	25.11 cents (20 day VWAP)
Expected price volatility	100%	100%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.93%	1.93%

The model inputs for options granted during the years ended 30 June 2018 included:

	2018	2018	2018
Recipient	Executive & Non-exec Director Options	Executive & Non-exec Director Options	Executive & Non-exec Director Options
Options are granted for no consideration and vest accordingly	2,000,000 vest 9 Mar 2019	1,000,000 vest 9 Mar 2020	1,000,000 vest 9 Mar 2021
Exercise Price	20 cents	20 cents	20 cents
Grant Date	1,000,000 at 9-Mar-18 1,000,000 at 9-Mar-18	9-Mar-18	9-Mar-18
Expiry Date	9-Apr-21	9-Apr-21	9-Apr-21
Share Price at Grant Date	20 cents	20 cents	20 cents
Expected Price Volatility	100%	100%	100%
Expected Dividend Yield	0.00%	0.00%	0.00%
Risk-free interest rate	1.91%	1.91%	1.91%

(b) Performance Rights

In the prior year, the Company had granted performance rights to Directors through the Performance Rights Plan.

Total expenses arising from share-based payment transactions recognised in the profit and loss during the year were as follows:

	2019	2019	2018	2018
	Number	\$	Number	\$
2018 performance rights granted to Directors	-	47,909	1,500,000	252,091

Grant date	Expiry date	Balance at start of the year	Granted during the year	Expired during the year	Converted to ordinary shares during the year	Balance at end of the year	Vested and exercisable at end of the year
		Number	Number	Number	Number	Number	Number
9 Mar 18	9 Apr 21	500,000	-	-	(500,000)	-	-
		500,000	-	-	(500,000)	-	-

Fair value of performance rights granted

The fair value of the rights is determined on the market price of the company's shares at grant date, with an adjustment made to take into account the one-year vesting period. The maximum value of the performance rights shares yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. For the 2018 grant, the maximum value yet to vest for this grant was estimated based on the share price of the company at grant date. The minimum value of performance rights shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met. The Directors do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period.

(c) Acquisition – Share based payment

Saturn Metals Limited made no acquisitions using share-based payments during the year.

(d) Weighted averages – Options

The weighted average exercise price \$0.22 (2018: \$0.20).

The weighted average fair value of options is \$0.14 (2018: \$0.13).

The weighted average remaining contractual life is 2.04 years (2018: 1.82 years).

19. Remuneration of Auditors

	2019 \$	2018 \$
Amounts paid or due and payable to the PricewaterhouseCoopers Auditing and reviewing financial reports	35,000	33,000
	35,000	33,000
Indirect taxation services	3,061	15,200
Valuation services	-	38,474
Total	3,061	53,674

20. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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

	2019	2018
Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.02)	(0.03)
Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.02)	(0.03)
Reconciliation of loss used in calculation of loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company per share	(1,187,119)	(857,230)
	Number of Shares 2019	Number of Shares 2018
Weighted average number of shares used as the denominator		
Weighted average number of shares used in calculating basic loss per share	57,045,402	25,501,371

Effect of dilutive securities

Options on issue at reporting date could potentially dilute earnings per share in the future. The effect in the current year is to reduce the loss per share hence they are considered anti-dilutive.

21. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements for the Company during the financial years ended 30 June 2019 and the comparative period.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Saturn Metals Limited is a for-profit entity for the purpose of preparing the financial statements. The presentation currency of these accounts is Australian Dollars (AUD).

Compliance with IFRS

The financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(c) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the Lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the liability. Finance charges are charged directly to the statement of profit or loss and other comprehensive income.

Operating lease payments are recognised as an expense when incurred.

(d) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and leave entitlements that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to balance date and are measured at the amounts expected to be paid when the liabilities are settled.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable is included as a current asset in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from the taxation authority are classified as operating cash flows.

(f) New standards and amendments

Certain new accounting standards and interpretations have been published that are mandatory for the 30 June 2019 reporting period. The company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules whilst introducing a new impairment model. These latest amendments now complete the financial instruments standard.

Management completed a detailed assessment of its financial assets as at 1 July 2018. Most of the requirements in AASB 139 for classification and measurement of the group's financial assets were carried forward in AASB 9. Hence, the Company's accounting policy for financial assets did not change except for the application of new impairment rules.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

The group has applied the new rules retrospectively from 1 July 2018, and no material provision for credit losses was required to be recognised in the current period ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Management has assessed the impact of the new standard, and its application to the Company's financial statements, and determined there is nil effect as the Company is not currently a revenue generating business.

(g) New accounting standards and interpretations not yet adopted

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and for the lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, rights-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, while the lease liability is reduced by an allocation of each lease payment. In the earlier periods of the lease, the expense associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Company has reviewed its contracts that were in place at 1 July 2019 or have been entered into since and determined that there are no long-term operating leases. As a result, no impact on the current or prior reporting periods is expected upon adoption of AASB 16.

There are no other standards that are yet effective and that would be expected to have a material impact on the entity in its current or future reporting periods and on any foreseeable future transactions.

(h) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

The Company makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration assets, where exploration expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of any exploration assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Share-based payment transactions

The Company measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined using a Black-Scholes model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Impairment of capitalised exploration and evaluation expenditure

It is the Company's policy to capitalise costs relating to exploration and evaluation activities. The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

Income tax related judgements

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company estimates its tax liabilities based on the Company's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Board of Directors of Saturn Metals Limited declares that:

- (a) the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
 - (ii) give a true and fair view of the financial position as at 30 June 2019 and performance for the financial year ended on that date of the entity.
- (b) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (c) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (d) the Board of Directors have been given the declaration by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Ian Bamborough

Managing Director
Perth, Western Australia
6th September 2019



Auditor's Independence Declaration

As lead auditor for the audit of Saturn Metals Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Ben Gargett', is written in a cursive style.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
6 September 2019



Independent auditor's report

To the members of Saturn Metals Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Saturn Metals Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2019
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall materiality of \$110,000, which represents approximately 1% of the Company's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose the Company's total assets because, in our view, it is the benchmark against which the performance of the Company is most commonly measured whilst in the exploration phase.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable asset-related thresholds.

Audit Scope

- Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
 - The Company's operational and financial processes are managed by a corporate function in Perth, where substantially all of our audit procedures are performed.
-



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Board of Directors.

Key audit matter

How our audit addressed the key audit matter

Carrying value of exploration and evaluation assets

(Refer to note 6)

The Company holds mining, exploration and prospecting licenses across Western Australia and recognised exploration and evaluation assets of \$8,176,971 at 30 June 2019 in respect of carry forward expenditure on these tenements.

The Company performed an assessment as to whether impairment indicators existed at 30 June 2019 in respect of exploration and evaluation assets and concluded that there were no indicators of impairment.

The carrying value of exploration and evaluation assets was a key audit matter due to the size of the exploration and evaluation assets on the consolidated statement of financial position as at 30 June 2019 and the risk of impairment of exploration and evaluation assets should the result of exploration activities not be positive or the Company relinquish certain exploration licenses as it continues to assess future viability.

We performed the following procedures, amongst others:

- For a sample of exploration licence areas, tested whether the Company retained right of tenure for its exploration licence areas by obtaining licence status records from relevant government databases.
 - For a sample of additions to exploration and evaluation assets during the year inspected relevant supporting documentation, such as invoices, and compared the amounts to accounting records.
 - Obtained management's exploration expenditure forecasts supporting their assessment of indicators of impairment and compared these to the approved budgets and future cash flow forecasts of the Company.
 - Inquired of management and directors as to the future planned expenditure on capitalised exploration and evaluation assets and assessed plans for future expenditure to meet minimum licence requirements.
-



Key audit matter

Basis of preparation of the financial report

The financial statements have been prepared by the Company on a going concern basis, which contemplates that the Company will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business.

The Company is in the exploration and evaluation phase and therefore does not generate revenue from its operations and relies on funding from its shareholders or other sources to continue as a going concern. These funds are used to meet expenditure requirements to maintain the good standing of the Company's tenements, progress project feasibility studies, and to cover corporate overheads.

In determining the appropriateness of their going concern basis of preparation of the financial report, the Company made a number of judgements, including expenditure required to progress the Company's projects and the minimum corporate overhead expenditure required to continue operations.

Assessing the appropriateness of the Company's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the judgement involved in forecasting future cash flows for a period of at least 12 months from the date of the financial report.

How our audit addressed the key audit matter

In assessing the appropriateness of the Company's going concern basis of preparation for the financial report, we performed the following procedures, amongst others:

- Agreed the amounts received from capital raising during the year and subsequent to year end to third party bank support.
- Evaluated the appropriateness of the Company's assessment of its ability to continue as a going concern, including whether the period covered is at least 12 months from the date of the financial report and that relevant information of which we are aware as a result of the audit has been included.
- Inquired of management and the directors whether they were aware of any events or conditions, including beyond the period of assessment that may cast significant doubt on the Company's ability to continue as a going concern.
- Evaluated the Group's plans for future actions in relation to raising additional funds, whether the outcome is likely to improve the situation, and whether they are feasible in the circumstances. This included tracing the cash received by the Group from a share placement subsequent to 30 June 2019 to bank statements.
- Compared the key underlying data and assumptions in the Company's cash flow forecast to approved budgets, internal reporting and historical cash outflows, including an assessment of the reasonableness of exploration and evaluation expenditure for the forecast period by comparing forecast expenditure to minimum annual expenditure commitments for each tenement as listed on the Western Australian Department of Mines, Industry Regulation and Safety's Mineral Titles Online database.
- Developed an understanding of what forecast expenditure in the cash flow forecast is committed and what could be considered discretionary.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 19 to 26 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Saturn Metals 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ben Gargett

Ben Gargett
Partner

Perth
6 September 2019

ASX BEST PRACTICE RECOMMENDATIONS

This statement outlines the main corporate governance practices that were formally in place from 21 September 2017 onwards. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

BOARD OF DIRECTORS

The Board operates in accordance with the broad principles set out in its plan, which is available from the corporate governance information section of the Company website at www.saturnmetals.com.au.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

1. **Strategy** - Driving strategic direction of the Company, including contributing to the development of and approving the corporate strategy and ensuring appropriate resources are available to meet objectives;
2. **Financial performance** - Approving budgets, monitoring management and financial performance;
3. **Financial reporting and audits** - Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;
4. **Leadership selection and performance** - Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
5. **Remuneration** – Approval and management of the Company's remuneration framework for executive management and staff;
6. **Risk management** - Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters; and
7. **Relationships with the exchanges, regulators and continuous disclosure** - Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have direct access to the Company Secretary.

The Board has delegated to management responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive Directors.

The roles of Chairman and Managing Director are not combined. The Managing Director is accountable to the Board for all authority delegated to the position.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval and monitoring of a strategic plan;
- approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- procedures are in place to incorporate presentations to each Board meeting by financial and operations management.

COMPOSITION OF THE BOARD

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report. A summary of these skills and experiences are provided in table 1.

The composition of the Board is determined using the following principles:

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter.
- The Chairperson should ideally be independent, but in any case be Non-executive and be elected by the Board based on his/her suitability for the position.
- The roles of Chairperson and Managing Director should not be held by the same individual.
- All Non-executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company.
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has three Directors, with only Mr Venn as independent. The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

The Board has accepted the following definition of an independent Director:

An independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- does not hold more than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- is not, or has not been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services or a material consultant to the Company or any of its child entities;
- is not, or has not been within the last three years, in a material business relationship (eg as a supplier or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is not a substantial security holder of the Company or an officer of, or otherwise associated with, a substantial security holder of the Company;
- does not have a material contractual relationship with the Company or its child entities other than as a Director;
- does not have close family ties with any person who falls within any of the categories described above; or

- has not been a Director of the Company for such a period that his or her independence may have been compromised.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

Table 1: Skills and Experience Matrix of Saturn Metals Limited's Directors

Area	Competence
Business and Finance	Accounting, Business Strategy, Corporate Financing, Financial Literacy, Agreements/Fiscal Terms and Risk Management, Equity Markets
Leadership	Business Leadership, Executive Management and Mentoring, Public Listed Company Experience
Sustainability & Stakeholder	Community Relations, Corporate Governance, Environmental Issues, Government Affairs, Health & Safety, Human Resources, Industrial Relations and Remuneration
Industry Specific (Australia)	Geology (Technical), Precious Metals – Exploration & Production, Base Metals – Exploration, Mining/Production & Resources

The Directors on the Board collectively have a combination of skills and experience in the competencies set out in the table above. These competencies are set out in the skills matrix that the Board uses to assess the skills and experience of each Director and the combined capabilities of the Board. Where an existing or projected competency gap is identified, the Board will address those gaps. The Board does not currently consider that there are any existing or projected competency gaps.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right to seek independent external professional advice as they considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

NOMINATION COMMITTEE / APPOINTMENT OF NEW DIRECTORS

Because of the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Each Director and senior executive is a party to a written agreement with the Company which sets out the key terms and conditions of that Director's appointment.

The Board undertakes appropriate checks before appointing a candidate, or putting forward to security holders candidate for election, as a Director, including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate). Shareholders are provided with all material information in its possession concerning a Director standing for election or re-election in the relevant notice of meeting.

An informal induction is provided to all new Directors, which includes meeting with technical and financial personnel to understand Saturn Metals Limited's business, including strategies, risks, company policies and health and safety.

All Directors are required to maintain professional development necessary to maintain their skills and knowledge needed to perform their duties. In addition to training provided by relevant professional affiliations of the Directors, additional development is provided through attendance at seminars and provision of technical papers on industry related matters and developments offered by various professional organisations, such as accounting firms and legal advisors.

TERM OF OFFICE

Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election. Where standing for re-election as a Director, the term of office served by the Director and a statement whether the Board considers the candidate to be independent and if the Board supports the re-election of the candidate will be provided to shareholders.

PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR

The performance of all Directors, the Board as a whole and the Managing Director and Company Secretary is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- comparison of the performance of the Board against the requirements of the plan;
- review the Board's interaction with management;
- review the nature of information provided to the Directors;
- identification of any particular goals and objectives of the Board for the next year; and identification of any necessary or desirable improvements to Board or committee plans.

A review was undertaken during the post the year end reporting period.

PERFORMANCE OF SENIOR EXECUTIVES

The Managing Director is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive on an annual basis. The basis of evaluation of senior executives will be on agreed performance measures.

The Board undertook a review of senior executives post the year end reporting period.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company are set out in the related parties note in the financial statements.

DIVERSITY

Saturn Metals Limited recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Diversity Policy defines the initiatives which assist Saturn Metals Limited with maintaining and improving the diversity of its workforce. A copy of the Diversity Policy can be found in the company's Corporate Governance Framework on the Company's website. The company currently has a naturally diverse workplace in terms of gender, age, ethnicity and cultural background, and believes that currently meets the objectives of its policy. As such no formal measurable objectives have been required or set for achieving diversity. This will be monitored by the Board on an annual basis and as the company grows.

The policy was formally adopted by the company on the 21 September 2017.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the table below:

Proportion of Women

	Proportion of women
Organisation as a whole	5 out of 12 (42%)
Executive Management Team	0 out of 2 (0%)
Board	0 out of 3 (0%)

REMUNERATION

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high quality Executives;
- Design executive remuneration to attract, retain and motivate high quality senior executives;
- Link Executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable Executive remuneration.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current year is included in the remuneration report, which is contained within the Report of the Directors.

There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

BOARD REMUNERATION COMMITTEE

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Remuneration Committee. Until that time, the Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web.

AUDIT AND RISK COMMITTEE

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate. The Board assures integrity of the financial statements by:

- a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- b) monitoring compliance of the accounting records and procedures in conjunctions with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, ASX and Australian Taxation Office;
- c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Company's business;
- d) reviewing audit reports and management letters to ensure prompt action is taken;
- e) when required, nominating the external auditor and at least annually review the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

RISK OVERSIGHT AND MANAGEMENT

The Board determines the Company's 'risk profile' and is responsible overseeing and approving risk management strategy and policies, internal compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration companies.

There will a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk.

The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees when dealing with stakeholders.

The Board reviewed the Company's Risk Management Framework during year.

A summary of Saturn Metals Limited's Risk Management review procedures can be found in the corporate governance information section of the Company website at www.saturnmetals.com.au.

Considerable importance is placed on maintaining a strong control environment. The Board actively promotes a culture of quality and integrity. Control procedures cover management accounting, financial reporting, compliance and other risk management issues.

No internal audit function is currently in place due to the size of the Company, however Board regularly assess the need for an internal audit function. The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Half yearly, the Financial Controller (or equivalent) and the Managing Director are required to state in writing to the Board that in all material respects:

Declaration required under s295A of the Corporations Act 2001 -

- the financial records of the Company for the financial period have been properly maintained;
- the financial statements and notes comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view; and
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied.
- Additional declaration required as part of corporate governance -
- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

These declarations were received for the 30 June 2019 financial year.

CODE OF CONDUCT

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity & Objectivity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

TRADING IN SATURN METALS LIMITED SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities if they are in possession of price-sensitive information.

The Company's Security Trading Policy is provided to each new employee as part of their induction training.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

CONTINUOUS DISCLOSURE

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy.

The Company is committed to:

- a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- b) preventing the selective or inadvertent disclosure of material price sensitive information;
- c) ensuring shareholders and the market are provided with full and timely information about the Company's activities; and
- d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

SHAREHOLDER COMMUNICATIONS STRATEGY

The Company recognises the value of providing current and relevant information to its shareholders. The Company has adopted a Shareholder Communications Strategy which can be accessed from Saturn Metals Limited's website at <http://www.saturnmetals.com.au>

Information is communicated to shareholders through the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting. After the Annual General Meeting, the Managing Director provides shareholders with a presentation. Afterwards all Directors are available to meet with any shareholders and answer questions.

Shareholders are encouraged to contact the Company through the "Contact Us" section on Saturn Metals Limited's website, to submit any questions via email, or call.

The Company's website provides communication details for its Share Registry, including an email address for shareholder enquiries direct to the Share Registry.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

The Company ensures that its external auditor is present at all Annual General Meetings to enable shareholders to ask questions relevant to the audit directly to the auditor.

COMPANY WEBSITE

Saturn Metals Limited has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at www.saturnmetals.com.au.

Shareholder Information

Information relating to shareholders at 5 September 2019

<i>Distribution of shareholders</i>			
Range	No. of Holders	No. Ord Shares	%
1 - 1,000	9	945	1.50
1,001 - 5,000	51	167,995	8.50
5,001 - 10,000	88	817,529	14.67
10,001 - 100,000	357	14,582,749	59.50
100,001 and over	95	57,620,069	15.83
Total	600	73,189,287	100.00

<i>Substantial shareholders</i>		No. Ord Shares	%
1	PEEL MINING LIMITED	20,000,001	27.33
2	WHYTHENSHAW PTY LTD AND ASSOCIATES	4,250,000	5.81

Shareholder Information

Twenty largest shareholders		No. Ord Shares	%
1	PEEL MINING LIMITED	20,000,001	27.33%
2	WYTHENSHAW PTY LTD	2,145,000	2.93%
3	MR ANDREW LENOX HEWITT	1,700,000	2.32%
4	SIR LENOX HEWITT	1,620,000	2.21%
5	CHESAPEAKE CAPITAL LTD	1,430,000	1.95%
6	ROMAN ROAD HOLDINGS PTY LTD ATF ROMAN ROAD	1,400,000	1.91%
7	T T NICHOLLS PTY LTD	1,285,715	1.76%
8	REDCLIFF PTY LTD	1,280,000	1.75%
9	CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD	1,131,400	1.55%
10	WYTHENSHAW PTY LTD	1,099,000	1.50%
11	WARRAMBOO HOLDINGS PTY LTD	1,000,000	1.37%
11	NATIONAL NOMINEES LIMITED	1,000,000	1.37%
12	PERTH CAPITAL PTY LTD	866,290	1.18%
13	HOWARD TRADING CO PTY LTD	820,000	1.12%
14	HAMPTON HILL MINING NL	800,000	1.09%
15	G & N LORD SUPERANNUATION PTY LTD	790,000	1.08%
16	BT PORTFOLIO SERVICES LIMITED	700,000	0.96%
16	MS BIANCA POPE	700,000	0.96%
17	PERTH CAPITAL PTY LTD	625,000	0.85%
18	EQUITY TRUSTEES LIMITED	600,000	0.82%
19	RUBI HOLDINGS PTY LTD	560,385	0.77%
20	DENKEY PTY LTD	545,000	0.74%
		42,097,791	57.52%

At the prevailing market price of \$0.42 per share there were 9 shareholders with less than a marketable parcel of shares at 5 September 2019.

At 5 September 2019 there were 600 holders of ordinary shares in the Company.

At the date of this report, 20,000,001 shares held by Peel Mining Limited was held under escrow. There were no shares or options restricted by the ASX.

Unquoted securities

At the date of this report the Company had 6,560,000 unlisted share options on issue.

Voting Rights

“Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote (even though he or she may represent more than one member); and
- c) on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).”