Cazaly Resources Limited
ABN: 23 101 049 334
and
Controlled Entities

Annual Report

For the Year Ended
30 June 2019

CAZALY
RESOURCES LIMITED

CONTENTS

JOINT MANAGING DIRECTORS

Nathan McMahon
Clive Jones

NON-EXECUTIVE DIRECTOR

Terry Gardiner

COMPANY SECRETARY

Mike Robbins

PRINCIPAL & REGISTERED OFFICE

Level 2, 38 Richardson Street
WEST PERTH WA 6005

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, London Hose, 216 St Georges Tce
Perth WA 6000

SHARE REGISTRAR

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
PERTH WA 6000

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: CAZ

BANKERS

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

Your directors present their report, together with the financial statements of Cazaly Resources Limited (**the Company** or **Cazaly**) and its controlled entities (**the Group**) for the financial year ended 30 June 2019.

1. DIRECTORS AND COMPANY SECRETARY

Directors

The following directors have been in office since the start of the financial year to the date of this report unless otherwise stated:

Nathan McMahon
Clive Jones
Terry Gardiner

Company Secretary

Mike Robbins

2. PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration and evaluation activities as well as seeking out further exploration, acquisition and joint venture opportunities.

There were no significant changes in the nature of the Group's principal activities during the financial period.

3. OPERATING RESULTS & FINANCIAL POSITION

The Group's loss after tax for the year was $1,804,071 (2018: $1,472,564). The Group's net assets at the end of the year are $21,448,009 (2018: $21,398,306).

Cash and cash equivalents as at year end were $836,709 (2018: $1,474,219).

Exploration expenditure for the year was $1,110,937 (2018: $1,503,714). This expenditure was on Mt Venn, the Kaoko Kobalt Project in Namibia and Parker Range. Exploration expenditure written off for the year was $520,505 compared to $641,517 in the 2018 financial year. The main write offs related to non-essential Parker Range and Coolgardie areas, Teutonic Bore, cobalt projects in NSW and Queensland as well as previously capitalised expenditures relating to the various tenements and/or applications that were relinquished during the financial year.

Net administration expenses and employee benefits for the year totalled $613,602 (2018: $584,555).

During the next financial year the Group intends to continue to further develop its current core projects whilst also exploring new key commodity opportunities both in Australia and overseas. These opportunities are being explored by the Board and corporate consultants who operate on a success fee basis only.

4. RISKS

There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Group and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Group and the market price of the Company's shares.

All mining ventures are exposed to risks and the Group continues to monitor risks associated with current projects whilst also analysing the risks associated with any new mining opportunities. These risks may cover such areas as:

- Title Risk

This may specifically cover mining tenure whereby country specific mining laws and legislation apply.

Any opportunity in Australia and overseas will be subject to particular risks associated with operating in Australia or the respective foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

- Exploration Risk

The Directors of the Company realise that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Group's tenements, or of any other tenements that may be acquired by the Group in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

Any future exploration activities of the Group may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Group.

- Resource Estimates

The Group's projects may contain JORC Code compliant resources. There is no guarantee that a JORC Code compliant resource will be discovered on any of the Group's other tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Group's operations and the value of the Company's listed shares.

- Access Risks – Cultural Heritage and Native Title

The Group must comply with various country specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Group may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or may be given on conditions which are not satisfactory to the Group.

- JV and Contractual Risk

The Group has and may have additional options where it can increase its holding in the selective assets by achieving or undertaking selected milestones. The Group's ability to achieve its objectives and earn or maintain an interest in these projects is dependent upon it and the registered holders of those tenements complying with their respective contractual obligations under joint venture agreements in respect of those tenements, and the registered holders complying with the terms and conditions of the tenements and any other relevant legislation.

- Economic

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's exploration, development and possible production activities, as well as on its ability to fund those activities.

- Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Group's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Group nor the Directors warrant the future performance of the Group or any return on an investment in the Company.

- Volatility in Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Group and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which any Listed Options and Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

- Commodity Price Volatility and Exchange Rates Risks

If the Group achieves success leading to mineral production, the revenue it will derive through the sale of gold, iron ore, lithium or any other minerals it may discover exposes the potential income of the Group to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Group. Such factors include supply and demand fluctuations for commodities and metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Group are and will be taken into account in Australian currency. This exposes the Group to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Group's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

- Environmental Risks

The operations and proposed activities of the Group are subject to each project's jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Group.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Group from being able to develop potential economically viable mineral deposits. The Group may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Group may prevent the Group from undertaking its desired activities. The Group is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Group's business, financial condition and results of operations.

- Sovereign and Political Risk

The Company has an 80% interest in two uranium applications in the Czech Republic and a 51% interest in the Kaoko Kobalt Project in Namibia.

The Company's interests in the Czech Republic and Namibia are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Company may also be hindered or preventing from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in the Czech Republic or Namibia that affect ownership, development or mining activities, may affect the viability and profitability of the Company.

The legal systems operating in the Czech Republic and Namibia are different to that in Australia and this may result in risks such as:

- Different forms of legal redress in the courts whether in respect of a breach of law or regulation, or in ownership dispute.
- A higher degree of discretion on the part of governmental agencies.
- Differences in political and administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights.
- Different attitudes of the judiciary and court.
- Difficult in enforcing judgments.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured. Further, there is no guarantee that any applications for tenements will be granted or granted on conditions satisfactory to the Company.

The Company's future operations in the Czech Republic and Namibia may be affected by changing political conditions and changes to laws and petroleum and/or mining policies. The effects of these factors cannot be accurately predicted and developments may impede the operation or development of a project or even render it uneconomic.

The above risks are not exhaustive but are the minimum exposure areas observed by the Group.

5. *DIVIDENDS PAID OR RECOMMENDED*

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

6. *REVIEW OF OPERATIONS*

Projects

Parker Range Iron Ore Project

On 11 June 2019, Cazaly had agreed commercial terms for the sale of its 100% owned subsidiary, Cazaly Iron Pty Ltd (**Cazaly Iron**) to Gold Valley. Cazaly Iron holds the tenements that comprise Parker Range. The agreement with Gold Valley allowed for an initial three-month due diligence exclusivity period, however Cazaly reserved the right to terminate the exclusivity period should it receive another proposal or offer from a third party which is more favourable to Cazaly and its shareholders.

As announced on 21 August 2019, the Company, following the receipt of an unsolicited superior proposal from Mineral Resources Limited (**Mineral Resources)** to purchase the Parker Range Iron Ore Project (**Parker Range**), terminated the exclusivity period with Gold Valley Iron Pty Ltd (**Gold Valley**) under its conditional agreement with Gold Valley originally announced on 11 June 2019.

Following such termination, Cazaly agreed to commercial terms with Mineral Resources for the sale of the assets comprising Parker Range via a binding Heads of Agreement (**HOA**). The agreement with Gold Valley remained in place whilst Cazaly evaluated the Mineral Resources proposal and its next steps for the sale of Parker Range.

<u>Agreement Terms</u>

The key terms of the HOA with Mineral Resources were as follows:

(a) a payment of AUD$20,000,000 (ex GST) cash upon completion of the sale; and
(b) a royalty of A$0.50 for every dry metric tonne of iron ore extracted and removed from the area of the Project after the first 10,000,000 dry metric tonnes.

The HOA was conditional upon:

a) Mineral Resources being satisfied with its due diligence investigations in respect of Parker Range within 21 days of execution of the agreement;
b) Approval of both parties Boards within 21 days of execution of the agreement;
c) The parties receiving all necessary consents and approvals from the minister under the *Mining Act 1978* (WA) to the transfer of the tenements comprising Parker Range within 21 days of execution of the agreement; and
d) Cazaly obtaining approval from its shareholders, if required, for the sale of Parker Range.

The Company received confirmation from ASX that ASX Listing Rules 11.1.3 and 11.2 do not apply to the proposed transaction pursuant to the Agreement.

On 30 August 2019, both parties announced that they had completed or waived their Conditions Precedent responsibilities as noted in their ASX announcements dated 21 August 2019. Cazaly also received the cash consideration of $20 million (ex GST).

A break fee of $250,000 was paid to Gold Valley on 3 September 2019 as per the terms of the Gold Valley agreement.

<u>Mount Caudan JORC 2012 Resource Upgrade</u>

The Company engaged RPM Advisory Services Limited ("RPM") to update the Mineral Resource estimate for the Mount Caudan Iron Ore (Fe) deposit to JORC (2012) reporting standards. This involved re-reporting the Mineral Resource at a revised cut-off grade and within a new optimised pit shell based upon current costs and commodity prices. The deposit forms part of the Parker Range Project and is located 15km southeast of Marvel Loch, Western Australia and approximately 60km by road south of the Perth–Kalgoorlie railway.

The Mineral Resource estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012) by the Joint Ore Reserves Committee (JORC).

The RPM 2019 Mineral Resource estimate was reported above a cut-off grade of 50.0% Fe and within a 1.2 times revenue factor optimised pit shell. A full list of parameters is contained at the end of this report.

Table 1. Mount Caudan June 2019 Mineral Resource Estimate Summary (50% Fe Cut-Off Grade)

Class	Tonnes (Mt)	Fe (%)	Al2O3 (%)	P (%)	SiO2 (%)	LOI (%)	Mn (%)	S (%)
Measured	25.7	55.7	2.7	0.019	6.4	8.9	1.3	0.07
Indicated	7.7	56.3	3.1	0.023	6.3	9.0	0.5	0.09
Inferred	2.8	53.8	3.7	0.017	9.0	8.8	0.4	0.14
Total	**36.2**	**55.7**	**2.9**	**0.020**	**6.6**	**8.9**	**1.1**	**0.08**

Note:
1. *Totals may differ due to rounding, Mineral Resources reported on a dry in-situ basis at a 50.0% Fe cut-off grade.*
2. *The Statement of Estimates of Mineral Resources has been compiled by Mr. David Allmark who is a full-time employee of RPM and a Member of the AIG. Mr. Allmark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code (2012).*
3. *All Mineral Resources figures reported in the table above represent estimates at 27th June 2019. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.*
4. *Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).*
5. *Reporting cut-off grade was selected by RPM based on parameters defined by a Definitive Feasibility Studies conducted by Cazaly in 2010, 2011 and refreshed in 2019.*
6. *To satisfy the criteria of reasonable prospects for eventual economic extraction, the Mineral Resources have been reported within an optimised pit shell defined by the key input parameters of an overall metal price of AUD75.54/t, recovery between 96% and 100%, a processing and handling cost of AUD40.50/ dry tonne of product and variable mining costs.*

Mount Venn Project (100%)

On 23 May 2019, the Company entered into a Heads of Agreement with Woomera Mining Ltd (**Woomera**) for the sale of an 80% interest in the Mt Venn Project in the north eastern Goldfields of Western Australia.

The Heads of Agreement provided the framework for a detailed Share Acquisition Agreement and Joint Venture Agreement, which the parties aim to negotiate and execute on or before 20 August 2019. Importantly, the Heads of Agreement specifies key terms which have been agreed and must be incorporated into the final agreements. The Mt Venn project comprises two granted exploration licences E38/3111 and E38/3150 and ground covered by four expired prospecting licences over the historic Chapman's Reward mine (P38/4149, 4150, 4151 and 4195) which were subsequently amalgamated into E38/3111. The tenements cover approximately 390km^2 occur over some 50 kms of strike of the Mt Venn Greenstone Belt giving the dominant land position (>90%) over the Belt. The project lies within the Cosmo Newberry Aboriginal reserve and is subject to a Native Title claim by the Yilka people. A Cazaly subsidiary, Yamarna West Pty Ltd, signed a Native Title Agreement with the Yilka People and the Cosmo Newberry Aboriginal Corporation (CNAC) on 28th July 2016. The tenements are highly prospective for gold, nickel and nickel-copper-cobalt deposits. Volcanogenic massive sulphide deposits may also be a possibility based on anomalous zinc, copper, lead, gold and silver in felsic volcanics.

A Share Purchase Agreement (**SPA**) was executed on 8 August 2019 which was subject to customary conditions for a share acquisition and the good standing of the tenements and will also be subject to Woomera successfully undertaking a fund raising in order to fund the acquisition and to provide capital for exploration. The closing date for completion under the SPA was 20 September 2019.

On 20 September 2019, both parties announced that they had completed or waived their Conditions Precedent responsibilities as noted in the SPA.

Heads of Agreement Terms

The Company holds the project through its 100% owned subsidiary Yamarna West Pty Ltd. Woomera has agreed to acquire 100% of the shares in Yamarna subject to the key terms and conditions of the Heads of Agreement.

Prior to the completion date, Yamarna will transfer to Cazaly a 20% undivided interest in the project tenements whilst also entering into an agreement with Yamarna which establishes an unincorporated joint venture (**Joint Venture**) under which the JV parties will hold the following interests:

Yamarna 80%
Cazaly 20%

The consideration comprises:

(a) a cash payment of AUD$900,000 comprising a deposit of $20,000 and a balance of $880,000 payable at completion;
(b) a deferred cash payment of AUD$100,000 upon the ground covered by the expired prospecting licences being amalgamated into E38/3111; and
(c) the issue of seven million (7,000,000) fully paid ordinary shares in Woomera at completion (to be subject to a voluntary escrow of 12 months from the date of issue of the shares).

Key aspects of the Joint Venture are:

1. Stage 1 Exploration - Woomera to sole fund a total amount of $1,200,000 in exploration on the project tenements during the first 3 years of the Joint Venture.
2. Further Exploration - Woomera will free carry Cazaly to the completion of a Pre-Feasibility Study.
3. Woomera to ensure that exploration expenditure shall be sufficient to keep the project tenements in good standing. Upon Woomera completing a Pre-Feasibility Study, Cazaly can elect to:
   (a) contribute to ongoing JV expenditure in accordance with its 20% JV interest and otherwise dilute in accordance with the provisions of the intended unincorporated joint venture agreement, if such expenditure commitment is not met; or
   (b) convert its JV interest to an ongoing net smelter royalty of 2.0%.

Woomera will be appointed the Manager of the JV and will remain Manager whilst it has a majority interest.

It should be noted that Sulphide Resources Ltd had previously entered into an agreement for the purchase of Mount Venn but their option to purchase expired in January 2019.

Kaoko Kobalt Project (76%)

The project, in which Cazaly has the right to earn a 95% interest, is primarily prospective for base metal mineralisation over a large area in northern Namibia. The Kaoko Project lies in northern Namibia approximately 800km by road from the capital of Windhoek and approximately 750km from port of Walvis Bay. The region has excellent infrastructure and comprises exploration licence EPL6667 (granted in February 2018) and two further applications (EPL 7096 & EPL 7097) which, combined, cover ~1,410km^2 of tenure.

McKenzie Springs Project (100% - FIN earning 51%)

The project is located immediately south & along strike of the Savannah Nickel Mine (Panoramic Resources Ltd), Kimberley, WA. Prospective ultramafic basal contact extends for ~15km. Work by Cazaly has identified high grade gossan samples returned 12.8% Cu, 1.92% Ni, 0.17% Co. The project is also within 10km of the Hexagon Resources McIntosh Graphite Resource. Reprocessing and imaging of historic VTEM data was completed by Cazaly with several conductor targets potentially representing graphitic units ready for follow up.

Below is an extract from the Fin Resources Limited ASX release dated 25 July 2019 (ASX:FIN):

A review of the potential of the McKenzie Springs Project was completed by an external consultant during the June Quarter. The review focused on the work completed by Fin and previous explorers to validate and refine the company's target so as to drill the best targets at McKenzie Springs.

The review confirmed that one of the priority targets (MK25) coincides with an isolated gravity anomaly and has the appropriate geological setting to host Ni-Co-Cu occurrences. The target is greatly enhanced by the considerable thickening of magma to other targeted areas within the licence and has reported a similar electromagnetic response to the Savanna Ni-Cu-Co Mine that is located along strike to the NE of the project.

The external consultant review highlighted the much larger Spring Creek intrusion complex (located in the northern section of the license) which hosts a minor airborne EM anomaly that remains untested, with little modern exploration work done over this area (one drill hole for PGE and a rock chip traverse). It was recommended to extend the geochemistry coverage of the intrusion as well as other areas not previously covered. The Company now considers completing new geochemical survey over the Spring Creek intrusion as essential before prioritising targets for drilling.

Corporate

Placements

As announced on 18 March 2019, the Company raised a total of $750,000 via a placement to professional and sophisticated investors of 30m shares at an issue price of $0.025 per share. 15m unquoted free options (exercisable at $0.05 on or before 31 March 2021) were also issued on a one for two shares subscribed for basis.

On 10 June 2019, the Company issued 10 million fully paid ordinary shares, at an issue price of $0.03, to Gold Valley as agreed under their agreement for the sale of the Parker Range Iron Ore Project.

Note Deed

As announced on 13 December 2018, the Company provided an update in relation to the unsecured 2017 convertible note deed (**2017 Deed**), which expired on that date.

The Company and Oracle Capital Group Pty Ltd (**Oracle**) agreed that the Company would repay the original notes and all accrued interest.

Oracle, a Perth based portfolio management and corporate advisory firm, provided the Company with a new unsecured note facility of $748,000 (**Deed**) via the issue of 748,000 unsecured notes (face value of one dollar ($1.00))(**Notes**). The Company and Oracle agreed and acknowledged that by entering into the Deed, any and all liabilities, amounts and obligations which are outstanding or owing by the Company in favour of Oracle and/or its nominees or any other any other person under the 2017 Deed are deemed to have been repaid, satisfied and extinguished in full and the Company is released and discharged from all of its liabilities, amounts and obligations under the 2017 Deed. The terms of the notes are detailed in the announcement dated 13 December 2018.

On 10 June 2019, a total of 15,043,110 fully paid ordinary shares were issued on the conversion of notes and accrued interest by note holders. Total face value of notes outstanding at 30 June 2019 is $485,100.

On 23 August 2019, a total of 28,331,099 fully paid ordinary shares were issued on the conversion of the remaining notes and all accrued interest by note holders.

7. *FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES*

The Group will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources. The Group has continued to reduce its tenement holdings but is also focussed on sourcing key commodity projects.

8. *SIGNIFICANT CHANGES IN STATE OF AFFAIRS*

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

9. *AFTER BALANCE DATE EVENTS*

On 21 August 2019, the Company announced that, following the receipt of an unsolicited superior proposal from Mineral Resources to purchase Parker Range, it had terminated the exclusivity period with Gold Valley under its conditional agreement with Gold Valley originally announced on 11 June 2019.

On 23 August 2019, a total of 28,331,099 fully paid ordinary shares were issued on the conversion of the remaining notes and all accrued interest by note holders.

As announced on 30 August 2019, the sale of Parker Range to Mineral Resources was completed and the Company received the cash consideration of $20 million (ex GST). The Company also paid the break fee of $250,000 due to Gold Valley under the terms of their agreement.

On 10 September 2019, 27,720,000 unquoted options (exercisable at $0.02745 on or before 31 December 2021) were converted to shares in the Company and proceeds of $760,914 were received.

On 17 September 2019, a further 2,200,000 unquoted Options (exercisable at $0.02745 on or before 31 December 2021) were converted to shares in the Company and proceeds of $60,390 were received.

On 20 September 2019, the Company completed the sale of the Mt Venn project to Woomera Mining Limited.

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

10. ENVIRONMENTAL ISSUES

The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors are not aware of any breach of environmental legislation for the financial year under review.

11. INFORMATION ON DIRECTORS

Nathan McMahon	**Managing Director (Corporate and Administration)**
Qualifications	*B.Com*
Experience	Mr McMahon has provided corporate and tenement management advice to the mining industry for nearly 30 years to in excess of twenty public listed mining companies. Nathan has specialised in native title negotiations, joint venture negotiations and project acquisition due diligence.
Equity Holdings	29,366,142 fully paid ordinary shares 2,500,000 options exercisable at $0.06 expiring 26 November 2020
Other Directorships	Galan Lithium Limited (since February 2011)
Clive Jones	**Managing Director (Technical)**
Qualifications	*B.App.Sc(Geol), M.AusIMM.*
Experience	Mr Jones has been involved in mineral exploration for over 25 years and has worked on the exploration for a range of commodities including gold, base metals, mineral sands, uranium and iron ore. Mr Jones is also a director of other ASX listed mining companies.
Equity Holdings	16,329,904 fully paid ordinary shares 2,500,000 options exercisable at $0.06 expiring 26 November 2020
Other Directorships	Corazon Mining Ltd (since February 2005) Bannerman Resources Ltd (since January 2007)
Terry Gardiner	**Non-Executive Director**
Qualifications	*B.Bus.*
Experience	Mr Gardiner has been involved in capital markets, corporate advising, stockbroking & derivatives trading for over 20 years. For the past twelve years Mr Gardiner has been an Executive Director of boutique broker Barclay Wells Ltd. Mr Gardiner is also a director of numerous public unlisted companies.
Equity Holdings	5,071,500 fully paid ordinary shares 1,500,000 options exercisable at $0.06 expiring 26 November 2020 500,000 options exercisable at $0.05 expiring 31 March 2021
Other Directorships	Galan Lithium Limited (from December 2013) Roto-Gro International Limited (from July 2019)

Mike Robbins
Company Secretary

Mr Robbins has over 25 years resource industry experience gathered at both operational and corporate levels, both within Australia and overseas. During that time, he has held numerous project and head office roles and is also Company Secretary for Galan Lithium Limited.

12. REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each director of the Company.

Remuneration Policy

The remuneration policy of Cazaly has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The further tailoring of goals between shareholders and the Directors and executives is achieved through the issue of equity to the directors and executives to encourage the alignment of personal and shareholder interest.

The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best personnel to run and manage the Company, as well as create goal congruence between Directors, executives and shareholders.

The remuneration policy, setting the terms and conditions for the Directors and executives was developed by the Managing Directors and approved by the Board after seeking professional advice from independent external consultants.

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and other incentive plans.

Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Group is exploration and development focussed, and therefore speculative in terms of performance. Consistent with attracting and retaining talented people, the Directors and executives are paid market rates associated with individuals in similar positions, within the same industry.

Options and performance incentives will be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and growth can be used as measurements for assessing Board and executive performance.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed or carried forward on the balance sheet for time that is attributable to exploration and evaluation. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Managing Directors, in consultation with independent advisors as necessary, determine payments to the non-executive Directors and review their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, all Directors are encouraged to hold shares in the company.

12. REMUNERATION REPORT – AUDITED (Cont'd)

Employment Contracts of Directors and Senior Executives

The employment conditions of the Managing Directors are each formalised in contracts of employment. These contracts commenced on 1 July 2010 and have 3 year rolling terms which include an annual salary review incorporating a minimum increase in fees based upon the prevailing CPI in June and December each year. The contracts provided Messrs. McMahon and Jones with a commencement annual salary of $180,000 each since 1 July 2010. The contracts have standard termination clauses. In the event of termination, the fixed proportion of remuneration is payable up until the date of the termination. After the completion of the sale of Parker Range, the annual salaries of Messrs McMahon and Jones were increased to $210,806 per annum applicable from 1 July 2019 based entirely upon the contractual CPI review clauses contained in their agreements.

An employment contract has been in place for the Non-Executive Director, Terry Gardiner. Mr Gardiner's annual fee has been $30,000 per annum but was reviewed to $50,000 (plus superannuation) from 1 July 2019.

The employment contracts stipulate a range of one to three-month resignation periods. The Company may terminate an employment contract without cause by providing one to three months written notice or making payment in lieu of notice, based on the individual's annual salary component. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Details of Remuneration for Years Ended 30 June 2019 & 30 June 2018

The remuneration for key management personnel of the company during the year was as follows:

	Short-term Benefits				Post Employment Benefits	Other Long-term Benefits	Share based Payment		Total	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash Benefit	Other	Super	Other	Equity	Options		
	$	$	$	$	$	$	$	$	$	%
Nathan McMahon – Managing Director (i)										
2019	180,000	-	-	-	-	-	-	13,710	193,710	7%
2018	180,000	-	-	-	-	-	-	-	180,000	-%
Clive Jones – Managing Director (ii)										
2019	180,000	-	-	-	-	-	-	13,710	193,710	7%
2018	180,000	-	-	-	-	-	-	-	180,000	-%
Terry Gardiner – Non Executive Director										
2019	30,000	-	-	-	-	-	-	8,225	38,225	22%
2018	30,000	-	-	-	-	-	-	-	30,000	-%
Total Remuneration										
2019	390,000	-	-	-	-	-	-	35,645	425,645	8%
2018	390,000	-	-	-	-	-	-	-	390,000	-%

i) An aggregate amount of $180,000 (2018:$ 180,000) was paid, or was due and payable to Kingsreef Pty Ltd, a company controlled by Mr Nathan McMahon, for the provision of corporate and tenement management services to the Company.
ii) An aggregate amount of $180,000 (2018:$ 180,000) was paid, or was due and payable to Widerange Corporation Pty Ltd, a company controlled by Mr Clive Jones, for the provision of corporate and technical services to the Company.

12. REMUNERATION REPORT – AUDITED (Cont'd)

Related Party Information

The Company received a total of $126,720 (incl GST) under an Office Services Agreement with Galan Lithium Limited and is considered by the Company to be a related party, as the joint Managing Director of the Company, Mr Nathan McMahon, is also a director of Galan Lithium Limited.

Barclay Wells Ltd was paid a total of $42,900 (incl GST) in capital raising and advisory fees for the 2019 financial year. Barclay Wells Ltd is considered by the Company to be a related Party, as the Non-Executive Director of the Company, Mr Terry Gardiner, is also a director of Barclay Wells Ltd.

Key Management Personnel (KMP) Share and Option Holdings

Shares

30 June 2019	Balance 01-07-18	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30-06-19
N. McMahon	28,772,022	-	-	594,120	29,366,142
C. Jones	15,329,904	-	-	1,000,000	16,329,904
T. Gardiner	1,375,000	-	-	3,696,500	5,071,500
	45,476,926	-	-	5,290,620	50,767,546

30 June 2018	Balance 01-07-17	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30-06-18
N. McMahon	27,236,299	-	-	1,535,723	28,772,022
C. Jones	14,579,904	-	750,000	-	15,329,904
T. Gardiner	1,225,000	-	150,000	-	1,375,000
	43,041,203	-	900,000	1,535,723	45,476,926

Unquoted Options

30 June 2019	Balance 01-07-18	Issued Acquired	Exercised	Lapsed	Balance 30-06-19	Vested during the year	Vested and exercisable
N. McMahon	2,500,000	2,500,000	-	(2,500,000)	2,500,000	-	2,500,000
C. Jones	2,500,000	2,500,000	-	(2,500,000)	2,500,000	-	2,500,000
T. Gardiner	-	2,000,000 (i)	-	-	2,000,000	-	2,000,000
	5,000,000	7,000,000	-	(5,000,000)	7,000,000	-	7,000,000

30 June 2018	Balance 01-07-17	Issued Acquired	Exercised	Lapsed	Balance 30-06-18	Vested during the year	Vested and exercisable
N. McMahon	4,166,667	-	-	(1,666,667)	2,500,000	-	2,500,000
C. Jones	4,166,667	-	(750,000)	(916,667)	2,500,000	-	2,500,000
T. Gardiner	-	150,000	(150,000)	-	-	-	-
	8,333,334	150,000	(900,000)	(2,583,334)	5,000,000	-	5,000,000

(i) 1,500,000 options exercisable @ $0.06 on or before 26 November 2020 and 500,000 options exercisable at $0.05 on or before 31 March 2021.

12. REMUNERATION REPORT – AUDITED (Cont'd)

Quoted Options

30 June 2019	**Balance 01-07-18**	**Issued**	**Exercised**	**Lapsed**	**Balance 30-06-19**	**Vested during the year**	**Vested and exercisable**
N. McMahon	-	-	-	-	-	-	-
C. Jones	-	-	-	-	-	-	-
T. Gardiner	59,923	-	-	(59,923)	-	-	-
	59,923	-	-	(59,923)	-	-	-

30 June 2018	**Balance 01-07-17**	**Issued**	**Exercised**	**Lapsed**	**Balance 30-06-18**	**Vested during the year**	**Vested and exercisable**
N. McMahon	-	-	-	-	-	-	-
C. Jones	-	-	-	-	-	-	-
T. Gardiner	-	59,923	-	-	59,923	-	59,923
	-	59,923	-	-	59,923	-	59,923

Voting and comments made at the Company's 2018 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2018 was put to the shareholders of the Company at the Annual General Meeting held 23 November 2018. The Company received 100% of the vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2018 financial year. The resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report (Audited).

13. MEETINGS OF DIRECTORS

The number of directors' meetings held and conducted during the financial year, each director held office during the financial year and the number of meetings attended by each director is:

	Directors Meetings	
Director	**Number Eligible**	**Number Participated**
N McMahon	5	4
C Jones	5	5
T Gardiner	5	5

The Company does not have a formally constituted audit and risk committee or remuneration and nomination committee as the Board considers that the Company's size and type of operation do not warrant the formation of such committees.

14. INDEMNIFYING OFFICERS OR DIRECTORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Company's auditor.

The Company has insurance policies in place for Directors and Officers insurance.

15. OPTIONS

Options forfeited or cancelled

During, or since the end of the financial year, no options were forfeited or cancelled.

Options Expired or Lapsed

On 30 November 2018, 5,000,000 unquoted options exercisable at $0.20 expired and on 22 August 2019, 1,450,000 unquoted options exercisable at $0.18 expired along with 2,500,000 unquoted options exercisable at $0.144.

Unquoted options on Issue

At the date of this report the Company had the following options on issue:

Expiry Date	Exercise Price	Number Under Option
31/12/2019	$0.06000	7,300,000
22/8/2020	$0.21600	2,500,000
26/11/2020	$0.06000	8,750,000
31/3/2021	$0.05000	15,000,000

Option holders do not have any rights to participate in any issue of shares or other interests in the Company or any other entity.

16. PROCEEDINGS ON BEHALF OF GROUP

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

17. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 20.

18. NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services performed during the year by the Group's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. No other fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2019.

This report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Nathan McMahon
Managing Director **24 September 2019**

Competent Persons Statement

The information in this Report that relates to Mineral Resources is based on information compiled by Mr D Horn, Mr A Green and Mr R Williams and reviewed by Mr D. Allmark. Mr D Horn is Exploration Manager of CAZ and a Member of the Australasian Institute of Mining and Metallurgy. Mr Horn has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Mr Allmark is a full time employee of RPM and a Member of the Australian Institute of Geoscientists. Mr Allmark has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. The Mineral Resource estimate complies with recommendations in the Australian Code for Reporting of Mineral Resources and Ore Reserves (2012) by the Joint Ore Reserves Committee (JORC). Therefore, it is suitable for public reporting.

The team of people involved in the preparation of this report are listed as follows:

- *Mr A Green (Formerly Runge – Operations Manager WA) responsible for site visit;*
- *Mr R Williams (Formerly Runge – Senior Consultant Geologist) responsible for site visit and previous Mineral Resource model;*
- *Mr D Horn (CAZ – Exploration Manager) responsible for providing project data and geological interpretation. Competent Person sign-off for JORC Table 1 Sections 1 and 2, and*
- *Mr D. Allmark (RPM – Senior Resource Geologist) responsible for review of all data including data validation, QAQC review, geological model, statistical analysis, Mineral Resource estimation, classification and Competent Person sign-off for the Mineral Resource and JORC Table 1 Section 3.*

The resource estimate contained in the Directors' Report was completed using the following parameters:

- The Mt Caudan estimate covers the 4,550m lateral extent from 6,495,650mN to 6,500,200mN and the vertical extent of the resource is 175m from surface at approximately 455mRL to 280mRL.
- Drill holes used in the resource estimate included 201 RC and 17 DD core holes, totalling 7,238m, within the resource wireframes. All holes were drilled by CAZ from 2007. The full database contained records for 318 drill holes for 24,754m of drilling.
- A site visit was conducted in August 2009 by Aaron Green and Robert Williams of RPM (formerly known as Runge) to review the project and deposit geology, drilling and site procedures. No material changes have taken place to the underlying Mineral Resource dataset since the site visit.
- The bulk of the resource has been tested by holes drilled at section spacings of approximately 60m. Where infill drilling has not been completed the section spacing is 120m, while sparse drilling at the Rainmaker prospect has been completed on section spacings of between 300m to 500m.
- RC holes were sampled at 1 metre intervals. The sampling method involved collecting a calico bagged sample from a rig mounted splitter, while the bulk reject was collected to enable further test work to be conducted. Mineralised intervals of the DD holes were sampled at predominantly 1m sample length, with only 13 of a total 611 samples not sampled at 1m length.
- All holes were down hole surveyed at the collar and at 50m intervals with either a single shot camera or a gyro survey tool. Only minor records were noted where magnetic interference had been experienced.
- Collar surveys and topographic surveys were completed using a RTK GPS instrument. All surveys were recorded in the MGA94-50 datum.
- All logging and sampling methods for the drilling completed by CAZ have been reviewed by RPM and are considered to be of a high standard.
- Sample preparation and assaying was carried out by Kalgoorlie Assay Laboratories in Perth. Comprehensive assaying of Fe, Al2O3, SiO2, Mn, P and S was carried out routinely using the X-Ray Fluorescence ("XRF") method.
- Quality control data for the recent drilling has been reviewed by RPM, and has confirmed that the assay data used in the estimate is accurate and unbiased.
- Material-type wireframes were constructed using geological sectional interpretations provided by CAZ. Mineralisation wireframes were constructed using cross sectional interpretations based on a nominal 50% Fe cut-off grade. Samples within the wireframes were composited to even 1.0m intervals.
- Based on a review of the deposit statistics, a high grade cut of 20% was used for Mn in the resource. No other high grade cuts were used.
- A Surpac block model was used for the estimate with a block size of 30m NS by 12.5m EW by 5m vertical with sub-cells of 7.5m by 3.125m by 1.25m.
- OK grade interpolation used an oriented 'ellipsoid' search for elements. Three passes were used to fill the model with 97% of the model being filled in the first pass.
- Bulk density values ranging from 2.31t/m3 for footwall supergene to 3.25t/m3 for high grade SIF were assigned in the resource. Waste bulk densities of 1.81t/m3 were applied to the hanging wall mafics and the footwall sediments in the oxide domain. A bulk density of 2.8t/m3 was applied to the hanging wall mafics and the footwall sediments in the fresh domain, while 3.77t/m3 was applied to SIF in the fresh domain.
- The Mineral Resource was classified as Measured, Indicated and Inferred Mineral Resource. The Measured portion of the resource is confined to the SIF unit where the 60m by 25m drill spacing coupled with surface geological mapping has sufficiently demonstrated both geological and mineralisation continuity. The Indicated portion of the resource was defined where the drill spacing was less than 200m by 40m and lode continuity was good. The Inferred Resource included areas of the resource where sampling was greater than 200m by 40m and isolated, discontinuous zones of mineralisation.
- In order to satisfy the requirements for reasonable prospects for eventual economic extraction RPM reported the deposit at a cut-off grade of 50.0% Fe and inside a 1.2 times revenue factor optimised pit shell. The mine planning process concluded that 51.5% Fe was an appropriate cut-off grade for plant feed and was used to estimate the Ore Reserves taking into account blending from stockpiles. To account for blending of various grade materials, RPM has selected a cut-off grade of 50.0% Fe (which is lower than the Ore Reserves cut-off) to achieve an average ore product grade of 55% to 56% Fe.
- RPM has selected a 1.2 times revenue factor pit shell within which to report the Mineral Resources to account for a reasonable increase in the iron ore prices. The Project is relatively insensitive to changes in the iron ore price with a change in price of 20% resulting in an increase of around 5% ore tonnes

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the audit of the financial statements of Cazaly Resources Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS	**DOUG BELL CA**
Chartered Accountants	**Partner**

Dated at Perth this 24th day of September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue from continuing operations	2	217,833	77,720
Other Income	2	120,000	41,145
Employee benefits		(386,296)	(312,892)
Finance Costs		(507,912)	(111,382)
Depreciation		(8,741)	(6,171)
Administrative expenses	3	(227,306)	(271,662)
Compliance and regulatory expenses	3	(209,075)	(181,929)
Occupancy expenses		(183,512)	(65,948)
Written-off exploration expenditure		(520,505)	(641,517)
Gain/(Loss) on sale of financial assets		-	5,471
Revaluation /(Impairment) of financial assets		(98,557)	(5,399)
Loss before income tax		**(1,804,071)**	**(1,472,564)**
Income tax (expense)/ benefit	6	-	-
Loss for the year		**(1,804,071)**	**(1,472,564)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(1,804,071)**	**(1,472,564)**
Loss for the year attributable to:			
Members of the parent entity		(1,803,888)	(1,472,389)
Non-controlling interest		(183)	(175)
		(1,804,071)	**(1,472,564)**
Total comprehensive income attributable to:			
Members of the parent entity		(1,803,888)	(1,472,389)
Non-controlling interest		(183)	(175)
		(1,804,071)	**(1,472,564)**

Earnings/(loss) per share from continuing and discontinued operations

		Cents	Cents
Basic weighted average loss per share	20	(0.75)	(0.75)
Diluted weighted average loss per share	20	(0.75)	(0.75)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	7	836,709	1,474,219
Trade and other receivables	8	71,030	221,711
Prepayments		-	102,160
		907,739	1,798,090
Non current assets held for sale	9	16,875,456	727,328
TOTAL CURRENT ASSETS		17,783,195	2,525,418
NON CURRENT ASSETS			
Trade and other receivables	8	26,929	26,306
Financial assets	10	155,058	245,456
Property, plant and equipment	11	25,419	18,337
Exploration and evaluation assets	12	4,128,235	19,685,931
TOTAL NON CURRENT ASSETS		4,335,641	19,976,030
TOTAL ASSETS		**22,118,836**	**22,501,448**
CURRENT LIABILITIES			
Trade and other payables	13	165,021	329,248
Provisions	14	143,564	103,606
Convertible Notes	15	362,241	670,288
TOTAL CURRENT LIABILITIES		670,826	1,103,142
TOTAL LIABILITIES		**670,826**	**1,103,142**
NET ASSETS		**21,4448,010**	**21,398,306**
EQUITY			
Issued capital	16	31,288,827	29,963,658
Reserves	17	777,627	305,198
Accumulated losses	18	(10,603,110)	(8,855,399)
Controlling entity interest		21,463,344	21,413,457
Non-controlling interest		(15,334)	(15,151)
TOTAL EQUITY		**21,448,010**	**21,398,306**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

	Issued Capital	(Accumulated Losses)	Option Reserve	Non-Controlling Interest	Total
	$	$	$	$	$
Balance at 1 July 2017	**27,712,676**	**(7,383,010)**	**218,304**	**(14,976)**	**20,532,994**
Loss for the year	-	(1,472,389)	-	(175)	(1,472,564)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**(1,472,389)**	**-**	**(175)**	**(1,472,564)**
Transactions with owners, in their capacity as owners, and other transfers:					
Shares issued during the year	2,335,802	-	-	-	2,335,802
Equity based payments	-	-	-	-	-
Option reserve	-	-	86,894	-	86,894
Transaction costs	(84,820)	-	-	-	(84,820)
Tax effect of equity raising cost	-	-	-	-	-
Balance at 30 June 2018	**29,963,658**	**(8,855,399)**	**305,198**	**(15,151)**	**21,398,306**
Loss for the year					
Other comprehensive income for the year	-	(1,803,888)	-	(183)	(1,804,071)
Total comprehensive income/(loss) for the year	**-**	**(1,803,888)**	**-**	**(183)**	**(1,804,071)**
Transactions with owners, in their capacity as owners, and other transfers:					
Shares issued during the year	1,370,169	-	-	-	1,370,169
Equity based payments	-	-	528,606	-	528,606
Option reserve	-	56,177	(56,177)	-	-
Transaction costs	(45,000)	-	-	-	(45,000)
Tax effect of equity raising cost	-	-	-	-	-
Balance at 30 June 2019	**31,288,827**	**(10,603,110)**	**777,627**	**(15,334)**	**21,448,010**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(763,119)	(615,933)
Interest received		2,706	3,842
Proceeds from other income		-	10,065
Payments for exploration and evaluation		(929,115)	(1,167,380)
Net cash used in operating activities	21	(1,689,528)	(1,769,406)
Cash Flows From Investing Activities			
Purchase of Property, Plant & Equipment		(15,823)	(1,963)
Purchase of Equity Investments		(8,159)	(8,000)
Proceeds from sale of exploration assets		120,000	20,000
Proceeds from sale of investments		-	6,360
Net cash provided by investing activities		96,018	16,397
Cash Flows from Financing Activities			
Proceeds from issue of securities		1,050,000	1,858,786
Payment for costs of issue of securities		(39,000)	(84,820)
Proceeds from convertible notes		(55,000)	730,000
Net cash provided by financing activities		956,000	2,503,966
Net increase/(decrease) in cash held		(637,510)	750,957
Cash and cash equivalents at beginning of the financial year		**1,474,219**	**723,262**
Cash and cash equivalents at end of the financial year	7	**836,709**	**1,474,219**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Cazaly Resources Limited (**the Company** or **Cazaly**) and its controlled entities (**the Group)**. Cazaly Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 24 September 2019 by the Directors of the Company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out in accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

These financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in note 25, on 30 August 2019, the sale of Parker Range to Mineral Resources was completed and the Company received the cash consideration of $20 million (ex GST).

(a) Principles of Consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities, as at 30 June 2019 is contained in Note 23 to the financial statements.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income. The non-controlling interest in the net assets comprises their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Plant and Equipment

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

(c) Depreciation

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	40.0%
Office furniture and equipment	18.0%
Motor vehicle	22.5%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration, Evaluation and Development Expenditure

Costs incurred during exploration and evaluations relating to an area of interest are accumulated. Costs are carried forward to the extent they are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not yet reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. In these instances the entity must have rights of tenure to the area of interest and must be continuing to undertake exploration operations in the area.

Accumulated costs carried forward in respect of an area of interest that is abandoned are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been estimated of future costs, current legal requirements and technology on an undiscounted basis.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Financial Instruments

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

  either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

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

The Group's financial liabilities include trade and other payable and convertible notes.

The accounting policy on convertible notes are at 1(v).

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Impairment of Assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) Taxation

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

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

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

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

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

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

Tax Consolidation

Cazaly and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

(m) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Share Based Payments

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

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

(p) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Earnings Per Share

Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for an bonus element.

Diluted earnings per share is calculated as net earnings attributable to members, adjusted for costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(s) Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(t) Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Key Judgements –Exploration and evaluation expenditure
Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(d).

Key Judgements - Share based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Key Judgments – Environmental issues
Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Key Estimate – Taxation
Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(u) Fair value measurements

The Group measures and recognises the asset, 'Financial assets held for trading' at fair value on a recurring basis after initial recognition.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(i) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	**Level 2**	**Level 3**
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(ii) Valuation techniques

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is the *Market approach whereby* valuation techniques use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

	Note	30 June 2019 Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at fair value through profit or loss:					
- Australian listed shares		113,818	-	-	113,818
- unlisted Australian shares (i)		-	-	41,240	41,240
		113,818	-	41,240	155,058

	Note	30 June 2018 Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at fair value through profit or loss:					
- Australian listed shares		204,216	-	-	204,216
- unlisted Australian shares (i)		-	-	41,240	41,240
		204,216	-	41,240	245,456

(i) Directors have valued the shares on the last active trading price prior to delisting from the ASX.

(v) Convertible Notes

Convertible notes issued by the Group include embedded derivatives (option to convert to variable number of shares in the Group). These convertible notes are recognized as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received less costs to issue and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognized on the profit and loss as finance costs.

(w) Non current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

***(x)* New, revised or amending accounting standards and interpretations adopted**

The Company has adopted all of the new, revised or amended Accounting Standards that are mandatory for the current accounting period. The adoption of these Accounting Standards and Interpretations are described below:

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018. The Group has elected to restate comparative information.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Group's financial statements. As of 30 June 2019 and 30 June 2018, the Group's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings.

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 July 2018. Refer to the relevant accounting policy disclosures for further details.

Impairment of financial assets
In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months. There is no impact on the cash flows of the Group from the application of AASB 9.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Initial application of AASB 15: Revenue from Contracts with Customers
The Group has adopted AASB 15 with a date of initial application of 1 July 2018. Based on the Directors' assessment there was no impact on the Group's existing revenue recognition policy arising from the adoption.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following table summarises the expected impact of new Accounting Standards that are not yet mandatory and have not been early adopted:

Nature of Change	Application Date	Impact on Initial Application
AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	Management has assessed the impact of AASB 16 on the Groups existing operations. The Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020, given the Group does not have any leases (refer Note 22).

	2019 $	2018 $
2. REVENUE & OTHER INCOME		
Revenue		
- interest received	3,329	4,404
- recoupment of office costs on-charged	212,994	26,681
- other revenue	1,510	46,635
	217,833	77,720
Other Income		
- proceeds from tenement sale agreement	120,000	31,080
- proceeds on sale of royalty	-	10,065
	120,000	41,145

3. *PROFIT (LOSS) FOR THE YEAR*

Profit (loss) before income tax from continuing operations includes the following specific expenses:

Expenses

	2019 $	2018 $
Administrative expenses		
Consulting	67,502	76,106
Advertising, printing and stationery	13,749	17,843
Travel and accommodation	22,511	16,100
Insurance	31,296	19,463
Other	92,248	142,150
	227,306	271,662
Compliance and regulatory expenses		
ASX, ASIC, registry and secretarial	157,000	157,856
Legal	52,075	24,073
	209,075	181,929
Employee Benefits		
Superannuation	27,457	24,843

4. *KEY MANAGEMENT PERSONNEL*

Interests of Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2019.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

4. KEY MANAGEMENT PERSONNEL (Cont'd)

	2019 $	2018 $
Short-term employee benefits	390,000	390,000
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based payments	35,645	-
	425,645	390,000

No compensation was paid in respect to KMP in termination benefits

Related Party Information

The Company received a total of $126,720 (incl GST) under an Office Services Agreement with Galan Lithium Limited and is considered by the Company to be a related party, as the joint Managing Director of the Company, Mr Nathan McMahon, is also a director of Galan Lithium Limited.

Barclay Wells Ltd was paid a total of $42,900 (incl GST) in capital raising and advisory fees for the 2019 financial year. Barclay Wells Ltd is considered by the Company to be a related Party, as the Non-Executive Director of the Company, Mr Terry Gardiner, is also a director of Barclay Wells Ltd.

5. AUDITORS REMUNERATION

Remuneration of the auditor for:

- Auditing or reviewing the financial report	32,988	22,500
	32,988	22,500

6. INCOME TAX EXPENSE

The components of the tax expense/(income) comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

(a) The prima facie tax on profits/(losses) from ordinary activities before income tax is reconciled to the income tax as follows:

Profit from continuing operations	(1,804,071)	(1,472,564)
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)	(496,120)	(404,955)
Add/(subtract):		
Tax effect of:		
Current year capital losses not recognised	-	109,949
Effect of tax losses derecognised	327,621	344,883
Other non-allowable items	143,959	65,945
Tax benefit of deductible equity raising costs	(8,267)	(6,452)
Movement in unrecognised temporary differences	32,807	(109,370)
Income tax expense (benefit) attributable to entity	-	-

6. INCOME TAX EXPENSE (Cont'd)

		2019 $	2018 $
(b)	Recognised deferred tax assets at 27.5% (2018: 27.5%) comprise the following		
	Carry forward revenue losses	5,360,491	5,280,354
	Capital raising and future black hole deductions	-	-
	Provisions and accruals	47,654	48,028
	Other	67,375	67,375
		5,475,521	5,395,757
	Less: Set off of deferred tax liabilities	(5,475,521)	(5,395,757)
		-	-
	Recognised deferred tax liabilities at 27.5% (2018: 27.5%) comprise the following		
	Exploration expenditure	5,475,521	5,395,757
	Other	-	-
		5,475,521	5,395,757
	Less: Set off of deferred tax asset	(5,475,521)	(5,395,757)
		-	-
(c)	Deferred tax recognised directly in equity:		
	Relating to equity raising costs	-	-
		-	-
(d)	Unrecognised deferred tax assets at 27.5% (2018: 27.5%) comprise the following:		
	Deferred tax assets have not been recognized in respect to the following as they are not considered to have met the recognition criteria:		
	Deductible temporary differences	242,490	205,575
	Tax revenue losses	2,058,161	1,720,470
	Tax capital losses	325,916	325,916
		2,626,567	2,251,961

7. CASH AND CASH EQUIVALENTS

Cash at bank	836,509	1,474,019
Petty cash	200	200
	836,709	1,474,219

8. TRADE AND OTHER RECEIVABLES

Current		
Other receivables (i)	71,030	221,711
	71,030	221,711

(i) Other receivables normally have 30 to 60 day terms. At 30 June 2019, $13,757 (2018: $59,816) is receivable from companies related to one of the Directors.

8. *TRADE AND OTHER RECEIVABLES (Cont'd)*

	2019 $	2018 $
Non-Current		
Bonds (ii)	26,929	26,306
	26,929	26,306

(ii) Bonds are term deposits, held by way of bank guarantee.

9. *NON-CURRENT ASSETS HELD FOR SALE*

	2019	2018
Non-current asset held for sale – Mt Venn (i)	868,076	727,328
Non-current asset held for sale – Parker Range (ii)	16,007,380	-
	16,875,456	727,328
Movements		
Balance brought forward	727,328	-
Transfer from exploration and evaluation assets	16,148,128	727,328
	16,875,456	727,328

(i) The Company entered into a Share Sale Agreement with Woomera Mining Ltd (**WML**). As disclosed in note 26, on 20 September 2019, the Company completed the sale and received gross proceeds of $1 million and 7 million WML shares.

(ii) As announced on 21 August 2019, the Company received an unsolicited offer from Mineral Resources Ltd in respect of the sale of the Parker Range Iron Ore Project. As announced on 30 August 2019, both parties completed or waived the conditions precedent and the transaction was completed. The Company subsequently received gross proceeds of $20m (ex GST).

10. *FINANCIAL ASSETS*

	2019	2018
Current		
Financial assets, at fair value through profit or loss:		
Australian listed shares	113,818	204,216
Unlisted Australian public company shares	41,240	41,240
	155,058	245,456

11. PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Plant and Equipment		
At cost	326,331	311,615
Accumulated depreciation	(310,889)	(305,189)
	15,442	6,426
Office Furniture and Equipment		
At cost	41,491	40,384
Accumulated depreciation	(38,995)	(37,938)
	2,496	2,446
Motor Vehicle		
At cost	65,878	65,878
Accumulated depreciation	(58,397)	(56,413)
	7,481	9,465
	25,419	18,337

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

2019

	Plant and Equipment $	Office Furniture $	Motor Vehicles $	Total $
Balance at the beginning of the year	6,426	2,446	9,465	18,337
Additions	14,716	1,107	-	15,823
Disposals	-	-	-	-
Depreciation expense	(5,700)	(1,057)	(1,984)	(8,741)
Carrying amount at the end of the year	15,442	2,496	7,481	25,419

2018

	Plant and Equipment $	Office Furniture $	Motor Vehicles $	Total $
Balance at the beginning of the year	7,000	3,545	12,000	22,545
Additions	1,963	-	-	1,963
Disposals	-	-	-	-
Depreciation expense	(2,537)	(1,099)	(2,535)	(6,171)
Carrying amount at the end of the year	6,426	2,446	9,465	18,337

	2019 $	2018 $
12. EXPLORATION AND EVALUATION ASSETS		
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases at cost	4,187,203	19,685,931
Movement – exploration and evaluation		
Brought forward	19,685,931	19,679,982
Exploration expenditure capitalised during the year	1,110,937	1,123,714
Acquisitions	-	380,000
Exploration expenditure capitalised on tenements sold during the year	-	(128,920)
Exploration expenditure written off	(520,505)	(641,517)
Transfer to Non current assets classified as held for sale (refer note 9)	(16,148,128)	(727,328)
	4,128,235	19,685,931

Exploration expenditure for the year was $1,110,937 (2018: $1,503,714). This expenditure was on Mt Venn, the Kaoko Kobalt Project in Namibia and Parker Range. Exploration expenditure written off for the year was $520,505 compared to $641,517 in the 2018 financial year. The main write offs related to non-essential Parker Range and Coolgardie areas, Teutonic Bore, cobalt projects in NSW and Queensland as well as previously capitalised expenditures relating to the various tenements and/or applications that were relinquished during the financial year.

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

13. TRADE AND OTHER PAYABLES

Current		
Trade creditors	77,924	251,248
Other creditors and accrued expenses	87,097	78,000
	165,021	329,248

Creditors are non-interest bearing and settled on 30 to 45 day terms.

14. PROVISIONS

Current		
Provision for annual leave	94,090	86,268
Provision for long service leave	49,474	17,338
	143,564	103,606

15. CONVERTIBLE NOTES

	2019 $	2018 $
Face value	-	730,000
Opening Balance	670,288	-
Issue costs		
- 7,300,000 options issued	(480,590)	(86,894)
- Consultancy costs settled in shares	(44,880)	(44,400)
- Interest expense	73,000	-
- Cost of unwound during the period	59,712	71,582
- Repayment of 2017 interest and notes	(803,000)	-
- 2018 notes issued	748,000	-
- Interest expense	18,603	-
- Cost of unwound during the period	396,397	-
- Convertible note converted	(275,289)	-
Balance	362,241	670,288

Deed

As announced on 13 December 2018, the Company provided an update in relation to the unsecured 2017 convertible note deed (**2017 Deed**), which expired on that date.

The Company and Oracle Capital Group Pty Ltd (**Oracle**) agreed that the Company would repay the original notes and all accrued interest.

Oracle, a Perth based portfolio management and corporate advisory firm, provided the Company with a new unsecured note facility of $748,000 (**Deed**) via the issue of 748,000 unsecured notes (face value of one dollar ($1.00))(**Notes**). The Company and Oracle agreed and acknowledged that by entering into the Deed, any and all liabilities, amounts and obligations which are outstanding or owing by the Company in favour of Oracle and/or its nominees or any other any other person under the 2017 Deed are deemed to have been repaid, satisfied and extinguished in full and the Company is released and discharged from all of its liabilities, amounts and obligations under the 2017 Deed.

Under the terms of the Deed, Oracle and/or its nominees, will also be entitled to 29,920,000 unquoted Company options exercisable at a price that is equal to 150% of the Share price calculated on the basis of 85% of the VWAP of the Shares on the ASX calculated over the 5 consecutive trading days which immediately precede the date of the Deed.

The 29,920,000 unquoted options were valued at $480,590 based on the following assumptions:

Number of Options	Fair Value at Grant Date per Option	Estimated Volatility	Life of Option (years)	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
29,920,000	$0.01606	100%	3.04	$0.02745	$0.021	2.0%

15. CONVERTIBLE NOTES (Cont'd)

The final terms of the Notes are set out below:

(a) Maturity Date - 12 months from the date of issue (**Repayment Date**)
(b) Interest - 10% per annum. Paid on conversion and/or redemption date (as applicable).
(c) Conversion Price – the lower of:

- 85% of the VWAP of the Shares on the ASX calculated over the 5 consecutive trading days which immediately precede the date of the Deed; and
- 85% of the VWAP of the Shares on the ASX calculated over the 5 consecutive trading days which immediately precede the date of the relevant conversion notice; and
- the price of any capital raising completed by the Company from the date of execution of the Deed up to and including the date of the relevant conversion notice,

(d) Conversion Approval – Notes can only be converted upon receipt of Conversion Approval on the basis set out above.
(e) Redemption - the Company may redeem all or part of the principal sum of each Note at any time and at any frequency on or before the Repayment Date by giving to Oracle a redemption notice. A redemption notice must not be given in respect of a Note the subject of a conversion notice. A redemption notice must specify not less than 374,000 Notes for redemption (when aggregated with all redemption notices issued on the same day as that redemption notice).
(f) Conversion prior to Repayment Date – subject to Conversion Approval, the Oracle may convert all or any of the Notes into Ordinary Shares at any time and at any frequency as at a date prior to the Repayment Date by giving a conversion notice to the Company.
(g) Conversion on Repayment Date - All outstanding Notes (excluding any Notes in respect of which a redemption notice has been issued or a conversion notice has been issued) will automatically convert into Shares on the Repayment Date and the Company will be deemed to have issued a conversion notice converting all outstanding Notes held by Oracle at the Repayment Date.
(h) Security - the Notes are unsecured.
(i) Transferability and other restrictions: the Notes will only be transferrable with the Company's prior written consent.

On 10 June 2019, a total of 15,043,110 fully paid ordinary shares were issued on the conversion of notes and accrued interest by note holders. Total face value of notes outstanding at 30 June 2019 is $485,100.

On 23 August 2019, a total of 28,331,099 fully paid ordinary shares were issued on the conversion of the remaining notes and all accrued interest by note holders.

<u>2017 Deed</u>

On 14 December 2017, the Company announced the completion of a capital raising through the issue of unsecured convertible notes via a Perth based portfolio management and corporate advisory firm, Oracle Capital Group Pty Ltd (Oracle) to raise up to $750,000, through the issue of up to 750,000 convertible notes, each with a face value of one dollar ($1.00). Oracle would also be entitled to up to 10 options for each convertible note issued, exercisable at $0.06 on or before 31 December 2019. A total of 730,000 convertible notes were issued and 7,300,000 unquoted options were issued on 8 January 2018.

The 7,300,000 unquoted options were valued at $86,864 based on the following assumptions:

Number of Options	Fair Value at Grant Date per Option	Estimated Volatility	Life of Option (years)	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
7,300,000	$0.0119	67.5%	2	$0.06	$0.043	1.86%

	2019 $	2018 $
16. ISSUED CAPITAL		
287,862,168 fully paid ordinary shares (2018: 230,366,599) with no par value	31,288,827	29,963,658

Movements in Ordinary Shares

		30 June 2019 Number	30 June 2019 $	30 June 2018 Number	30 June 2018 $
Balance at the beginning of the year		230,366,599	29,963,658	186,191,608	27,712,676
Issue of shares at $0.0403 each	(i)	-	-	535,980	21,600
Issue of shares at $0.0391 each	(i)	-	-	1,304,757	51,016
Issue of shares at $0.04098 each	(ii)	-	-	1,083,455	44,400
Issue of shares at $0.05621 each	(iii)	-	-	3,166,035	177,297
Issue of shares at $0.04 each	(iv)	-	-	3,649,167	145,967
Issue of shares at $.06 each	(v)	-	-	6,000,000	360,000
Issue of shares at $0.054 each	(vi)	-	-	28,435,597	1,535,522
Issue of shares at $0.0183 each	(vii)	2,452,459	44,880	-	-
Issue of shares at $0.025 each	(viii)	29,000,000	725,000	-	-
Issue of shares at $0.025 each	(ix)	1,000,000	25,000	-	-
Issue of shares at $0.0183 each	(x)	15,043,110	275,289	-	-
Issue of shares at $0.03 each	(xi)	10,000,000	300,000	-	-
Less: transaction costs		-	(45,000)	-	(84,820)
Balance at the end of the year		287,862,168	31,288,827	230,366,599	29,963,658

(i) Shares issued to a contractor, on 20 July 2017 and 3 November 2017 respectively, in lieu of services provided.
(ii) Shares issued to consultants on 8 January 2018 in lieu of services provided.
(iii) Placement shares issued to Acuity Capital on 8 January 2018 under Controlled Placement Deed.
(iv) Shares issued on the conversion of unquoted options on 8 January 2018.
(v) Shares issued to the vendors and JV partner on 19 April 2018 as initial consideration for the interest in the Kaoko Kobalt project.
(vi) Placement shares issued on 2 May 2018.
(vii) Shares issued to consultants on 18 December 2018 in lieu of fees due on 2018 note deed.
(viii) Placement shares issued on 21 March 2019.
(ix) Placement shares issued to a Director on 10 June 2019 (as approved by shareholders at a general meeting on 6 June 2019).
(x) Shares issued on the part conversion of notes and accrued interest under the 2018 note deed.
(xi) Gold Valley placement shares issued on 10 June 2019.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

16. ISSUED CAPITAL (Cont'd)

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in Options over Ordinary Shares

Exercise Period	Exercise Price	Number on issue at 30 June 2018	Issued during the year	Exercised/ Expired/ Cancelled	Number on issue at 30 June 2019
Quoted					
On or before 21 August 2018	$0.11	18,913,847	-	(18,913,847)	-
Unquoted					
On or before 22 August 2018	$0.150	175,000	-	(175,000)	-
On or before 30 November 2018	$0.200	5,000,000	-	(5,000,000)	-
On or before 22 August 2019	$0.180	1,450,000	-	-	1,450,000
On or before 22 August 2019	$0.144	2,500,000	-	-	2,500,000
On or before 22 August 2020	$0.216	2,500,000	-	-	2,500,000
On or before 31 December 2019 (i)	$0.060	7,300,000	-	-	7,300,000
On or before 26 November 2020 (ii)	$0.060	-	6,500,000	-	6,500,000
On or before 26 November 2020 (iii)	$0.060	-	2,250,000	-	2,250,000
On or before 31 March 2021 (iv)	$0.050	-	14,500,000	-	14,500,000
On or before 31 March 2021 (v)	$0.050	-	500,000	-	500,000
On or before 31 December 2021 (vi)	$0.02745	-	29,920,000	-	29,920,000
Total unquoted options		18,925,000	53,670,000	(5,175,000)	67,420,000

(i) Issued on 8 January 2018 as part of the issue of the 2017 note deed announced on 14 December 2017 (approved by shareholders on 13 March 2018).
(ii) Issued on 27 November 2018 to Directors (approved by shareholders on 23 November 2018).
(iii) Issued on 21 January 2019 to employees of the Company
(iv) Issued on 21 March 2019 under the terms of a placement announced 18 March 2019.
(v) Issued on 10 June 2019 to a Director under the terms of a placement announced 18 March 2019 (approved by shareholders on 6 June 2019).
(vi) Issued on 18 December 2018 as part of the issue of the 2018 note deed announced on 13 December 2018 (approved by shareholders on 6 March 2019).

Unquoted options are issued to directors, employees and consultants. The unquoted options may be subject to performance criteria, and are issued to directors, employees and consultants to increase goal congruence between executives, directors and shareholders. Unquoted options carry no dividend or voting rights.

16. ISSUED CAPITAL (Cont'd)

Capital risk management

The Board controls the capital of the Group in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital. There are no externally imposed capital requirements.

The working capital position of the Group at 30 June 2019 and 30 June 2018 are as follows:

	2019 $	2018 $
Cash and cash equivalents	836,709	1,474,219
Trade and other receivables	71,028	221,711
Financial assets	155,058	245,456
Current liabilities	(670,826)	(1,103,142)
Working capital position	391,969	838,244

17. OPTION RESERVE

Opening balance	305,198	218,304
Equity based payments	528,606	86,894
Transfers to accumulated losses	(56,177)	-
Closing balance	777,627	305,198

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration and for the value of equity benefits provided to vendors in respect of asset purchases.

18. ACCUMULATED LOSSES

Opening balance	(8,855,399)	(7,383,010)
Net loss attributable to members	(1,803,888)	(1,472,389)
Transfers from option reserve	56,177	-
Closing balance	(10,603,110)	(8,855,399)

19. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, held-for-trading investments, cash and short-term deposits.

The Board of Directors has overall responsibility for the oversight and management of the Group's exposure to a variety of financial risks (including fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate risk).

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Interest rate risks
The Group's exposure to market interest rates relates to cash deposits held at variable rates. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

19. FINANCIAL RISK MANAGEMENT (Cont'd)

Credit risk
The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Consolidated group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least A+. All of the Group's surplus funds are invested with AA and A+ Rated financial institutions, the amount is $836,709 (2018: $1,424,219).

Liquidity risk
The responsibility for liquidity risk management rests with the Board of Directors. The Consolidated group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Maturity profile of financial instruments

The following tables detail the Group's exposure to interest rate risk as at 30 June 2019 and 30 June 2018:

30 June 2019	**Floating Interest Rate**	**Fixed Interest maturing in 1 year or less**	**Non-interest bearing**	**2019 Total**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	836,509	-	200	836,709
Trade and other receivables	-	26,929	71,028	97,957
Financial assets – held for trading	-	-	155,058	155,058
	836,509	26,929	226,286	1,089,724
Weighted average effective interest rate	0.77%			
Financial Liabilities	-	-	165,019	165,019
Trade and other payables				
	-	-	165.019	165,019

19. FINANCIAL RISK MANAGEMENT (Cont'd)

30 June 2018	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non-interest bearing	2018 Total
	$	$	$	$
Financial assets				
Cash and cash equivalents	1,474,019	-	200	1,474,219
Trade and other receivables	-	26,306	221,711	248,017
Financial assets – held for trading	-	-	245,456	245,456
	1,474,019	26,306	467,367	1,967,692
Weighted average effective interest rate	0.69%			
Financial Liabilities				
Trade and other payables	-	-	329,249	329,249
	-	-	329,249	329,249

Net Fair Values

The carrying value and net fair values of financial assets and liabilities at balance date are:

	2019		2018	
	Carrying Amount	Net fair Value	Carrying Amount	Net fair Value
	$	$	$	$
Financial assets				
Cash and deposits	836,709	836,709	1,474,219	1,474,219
Receivables	97,957	97,957	248,017	248,017
Investment held for trading	155,058	155,058	245,456	245,456
	1,089,724	1,089,724	1,967,692	1,967,692
Financial liabilities				
Convertible notes	362,241	362,241	670,288	670,288
Payables	165,019	165,019	329,249	329,249
	527,260	527,260	999,537	999,537

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices in active markets for identical assets.

Sensitivity Analysis
Interest Rate Risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

	2019	2018
	$	$
Change in loss		
• Increase in interest rate by 100 basis points	8,364	14,740
• Decrease in interest rate by 100 basis points	(8,364)	(14,740)
Change in equity		
• Increase in interest rate by 100 basis points	8,364	14,740
• Decrease in interest rate by 100 basis points	(8,364)	(14,740)

20. *EARNINGS PER SHARE*

a) Reconciliation of earnings to profit or loss:

Loss for the year	(1,804,071)	(1,472,564)
Loss used to calculate basic and diluted EPS	(1,804,071)	(1,472,564)

	2019 No. of Shares	**2018 No. of Shares**
b) Basic and diluted weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	241,943,079	197,076,315

21. *CASH FLOW INFORMATION*

	2019 $	**2018 $**
Reconciliation of cash flows from operating activities with profit/(loss) after income tax		
Profit/(Loss) after income tax	(1,804,071)	(1,472,564)
Non-operating cash flows in loss for the year:		
Depreciation	8,741	6,171
Net (Gain)/ Loss on sale of shares	-	(5,471)
Shares acquired on sale of tenement	-	(100,000)
Finance costs on convertible note	547,712	71,582
Net Profit on sale of exploration assets	-	(20,000)
Employee & Consultant equity settled transactions	48,016	-
Fair value adjustment to investments	98,557	5,399
Exploration write-off	520,505	641,517
Changes in assets and liabilities:		
Decrease/(increase) in trade receivables and prepayments	252,820	(104,811)
Increase/(decrease) in trade payables, accruals and employee entitlements	(130,871)	150,949
Decrease/(increase) in exploration	(1,110,937)	(942,178)
Cash outflow from operations	(1,689,528)	(1,769,406)

Financing Activity Information

	30 June 2018	**Cashflows**	**Options issued**	**Conversion**	**Finance cost accrued**	**30 June 2019**
Convertible Notes	(670,288)	55,000	525,470	275,289	(547,712)	(362,241)

22. COMMITMENTS

In order to maintain rights of tenure to mining tenements, the Group would have the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	2019	2018
	$	$
No longer than one year	303,066	662,003
Longer than one year, but not longer than five years	252,168	1,446,684
Longer than five years	-	715,568
	555,234	2,824,255

The Group currently has commitments in excess of cash, however the Board believes it will be able to raise the additional funds to satisfy the commitments for the future.

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

23. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2019	2018
Parent Entity			
Cazaly Resources Limited	Australia		
Controlled Entities			
Cazaly Iron Pty Ltd	Australia	100%	100%
Sammy Resources Pty Ltd	Australia	100%	100%
Cazroy Pty Ltd	Australia	100%	100%
Baker Fe Pty Ltd	Australia	100%	100%
Baldock Fe Pty Ltd	Australia	100%	100%
Lockett Fe Pty Ltd	Australia	100%	100%
Hase Fe Pty Ltd	Australia	100%	100%
Caz Yilgarn Pty Ltd	Australia	100%	100%
Discovery Minerals Pty Ltd	Australia	80%	80%
Yamarna West Pty Ltd	Australia	100%	100%
Kunene North Pty Ltd	Australia	100%	100%

24. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

Exploration
Segment assets, including acquisition cost of exploration licenses, all expenses related to the tenements and profit on sale of tenements are reported on in this segment.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

24. OPERATING SEGMENTS (Cont'd)

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items
Non-recurring items of revenue or expenses are not allocated to operating segments as they are not considered part of the core operations of any segment.

2019	**Exploration $**	**Unallocated $**	**Total $**
Revenue			
Interest received	-	3,329	3,329
Other	120,000	212,504	334,504
Total segment revenue	**120,000**	**217,833**	**337,833**
Segment net operating profit (loss) before tax	**(400,505)**	**(1,403,566)**	**(1,804,071)**
Depreciation	-	8,741	8,741
Impairment of exploration assets	520,505	-	520,505
Share based payments	-	48,016	48,016
Segment assets	**21,003,691**	**1,115,144**	**22,118,835**
Exploration expenditure	4,128,235	-	4,128,235
Non current assets held for sale	16,875,456	-	16,875,456
Property, plant & equipment	-	25,419	25,419
Segment liabilities	**47,195**	**623,629**	**670,826**

2018	**Exploration $**	**Unallocated $**	**Total $**
Revenue			
Interest received	-	4,404	4,404
Other	51,080	63,381	114,461
Total segment revenue	**51,080**	**67,785**	**118,865**
Segment net operating profit (loss) before tax	**(590,436)**	**(882,128)**	**(1,472,564)**
Depreciation	-	6,171	6,171
Impairment of exploration assets	641,517	-	641,517
Share based payments	-	-	-
Segment assets	**20,413,259**	**2,087,189**	**22,500,448**
Exploration expenditure	19,685,931	-	19,685,931
Non current assets held for sale	727,328	-	727,328
Property, plant and equipment	-	18,337	18,337
Segment liabilities	**26,272**	**1,076,870**	**1,103,142**

25. *PARENT ENTITY DISCLOSURES*

	2019 $	2018 $
(a) Statement of financial position		
Assets		
Current assets	905,823	1,794,040
Non-current assets	2,666,335	2,709,585
Total assets	3,572,158	4,503,625
Liabilities		
Current liabilities	670,802	1,103,118
Non-current liabilities		-
Total liabilities	670,802	1,103,118
Equity		
Issued capital	31,288,826	29,963,657
Reserves:		
Equity settled employee benefits	777,627	305,198
Retained profits	(29,165,097)	(26,868,348)
Total Equity	2,901,356	3,400,507
(b) Statement of Profit or Loss and Other Comprehensive Income		
Total profit/ (loss)	(2,296,749)	(2,530,595)
Total comprehensive income	(2,296,749)	(2,530,585)

<u>Loans to Controlled Entities</u>

Loans are provided by Cazaly ('the Parent') to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The eventual recovery of the loan will be dependent upon the successful commercial application of these projects or the sale to third parties.

26. *EVENTS SUBSEQUENT TO REPORTING DATE*

On 21 August 2019, the Company announced that, following the receipt of an unsolicited superior proposal from Mineral Resources to purchase Parker Range, it had terminated the exclusivity period with Gold Valley under its conditional agreement with Gold Valley originally announced on 11 June 2019.

On 23 August 2019, a total of 28,331,099 fully paid ordinary shares were issued on the conversion of the remaining notes and all accrued interest by note holders.

As announced on 30 August 2019, the sale of Parker Range to Mineral Resources was completed and the Company received the cash consideration of $20 million (ex GST). The Company also paid the break fee of $250,000 due to Gold Valley under the terms of their agreement.

On 10 September 2019, 27,720,000 unquoted options (exercisable at $0.02745 on or before 31 December 2021) were converted to shares in the Company and proceeds of $760,914 were received.

On 17 September 2019, a further 2,200,000 unquoted Options (exercisable at $0.02745 on or before 31 December 2021) were converted to shares in the Company and proceeds of $60,390 were received.

26. EVENTS SUBSEQUENT TO REPORTING DATE (Cont'd)

On 20 September 2019, the Company completed the sale of the Mt Venn project to Woomera Mining Limited.

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

A break fee of $250,000 was potentially due to be paid, at 30 June 2019, to Gold Valley under the terms of their agreement with the Company for the sale of Parker Range. It was subsequently paid on 3 September 2019 due to the termination of the Gold Valley agreement.

As announced on 26 March 2018, the Company acquired an option to earn the rights to a 95% interest in the Kaoko Kobalt Project ('Kaoko Project') in Namibia. The following contingent liabilities remain at 30 June 2019:

Under the KDN JV:

Kunene North Pty Ltd can earn further equity in Philco and the Kaoko Project as follows:

i) Spending N$2 million (~A$180,000) by 18 November 2020 to earn a further 19% in Philco (95% total)
ii) KDN JV's partner's remaining 5% free carried to a definitive feasibility study and to be NEEEF compliant (governmental draft "New Equitable Economic Empowerment Framework")

Under the Kunene Purchase Agreement:

The Company acquired 100% of the issued capital of Kunene, and therefore its rights under the KDN JV, and has the following commitments outstanding:

iv) Issue 10.5 million CAZ fully paid shares upon the delineation of a JORC compliant mineral resource containing at least 10,000t of contained cobalt (or other metal equivalent)
v) Pay A$1 million (or issuing fully paid CAZ shares to that amount) upon a formal Decision to Mine

Contingent Asset

As announced on 30 August 2019, the sale of Parker Range to Mineral Resources was completed and the Company received the cash consideration of $20 million (ex GST). A royalty is also due at the rate of A$0.50 for every dry metric tonne of iron ore extracted and removed from the area of the Project after the first 10,000,000 dry metric tonnes.

28. SHARE BASED PAYMENTS

The following table illustrates the number and weighted average exercise prices of and movements in all options on issue during the year:

	2019		2018	
	Number of Options	Weighted Ave Exercise Price $	Number of Options	Weighted Ave Exercise Price $
Balance at beginning of reporting period	37,838,847	0.124	36,513,015	0.123
Expired during the year	(24,088,847)	0.129	(5,974,168)	0.040
Exercised during the year	-	-	-	-
Issued during the year	53,670,000	0.039	7,300,000	0.060
Balance at end of reporting period	67,420,000	0.055	37,838,847	0.124
Exercisable at end of reporting period	67,420,000		37,838,847	

The options outstanding at 30 June 2019 had a weighted average remaining life of 1.89 years (2018 – 0.68 years). The weighted average fair value of the options outstanding at 30 June 2019 was $0.011 (2018 - $0.008).

Refer Note 15 for details of options issued during the year, which were in connection with the convertible notes issued.

In accordance with a resolution of the directors of Cazaly Resources Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out, are in accordance with the Corporations Act 2001 and:
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated group;
2. 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; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Directors

Nathan McMahon
Managing Director

Perth,
24 September 2019

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Cazaly Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cazaly Resources Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Exploration and Evaluation Assets - $4,128,235
 	
(Refer to Note 12)
 	
Exploration and evaluation is a key audit matter due to:
 	
– The significance of the balance to the Consolidated Entity's consolidated financial position.
 	
– The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.
 	
The assessment of impairment of exploration and evaluation expenditure being inherently difficult.
	Our procedures included, amongst others:
	
	– Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements.
	
	– For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;
	
	– We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;
	
	– We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.
	
	– We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:
	
	  – the licenses for the right to explore expiring in the near future or are not expected to be renewed;
	
	  – substantive expenditure for further exploration in the specific area is neither budgeted or planned

Key audit matter	How our audit addressed the key audit matter
	– decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and – data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. – We assessed the appropriateness of the related disclosures in note 12 to the financial statements.
Non-current assets held for sale - $16,875,456 (Refer to Note 9) During the year the Company entered into agreements to sell its Parker Range and Mt Venn projects. As a result the exploration assets with respect to these projects were classified as non-current assets held for sale in accordance with the requirements of *AASB 5 Non-current assets held for sale and discontinued operations ("AASB 5").* As disclosed in note 26 the sales were completed subsequent to year end.	Our procedures included, amongst others: – Assessing the terms and conditions within the sale agreements; – Assessing whether the assets were measured at the lower of the carrying amount and fair value less costs to sell with reference to the terms of the agreements; – Verifying the receipt of consideration received subsequent to year end; and – Assessing the appropriateness of the disclosure in notes 9 and 26 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's 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, 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 Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

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

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 24th day of September 2019

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is provided as at 16 September 2019.

DETAILS OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 343,913,267 fully paid ordinary shares on issue, held by 2,369 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

TWENTY LARGEST SHAREHOLDERS (AS AT 16 SEPTEMBER 2019)

	Fully Paid Ordinary	
Ordinary Shareholders	**Number**	**Percentage**
Kingsreef Pty Ltd (NB & DL Family A/c)	14,645,087	4.3%
BT Portfolio Services Ltd (Warrell Holdings S/F A/C)	10,000,000	2.9%
Gold Valley Iron Pty Ltd	10,000,000	2.9%
Widerange Corporation Pty Ltd	8,333,647	2.4%
Brispot Nominees Pty Ltd (House Head Nominee A/c)	7,712,775	2.2%
CS Fourth Nominees Pty Ltd (HSBC Cust Nom AU Ltd 11 A/c)	7,157,455	2.1%
Mr Anthony Robert Ramage	7,019,829	2.0%
Mr Clive Bruce Jones	6,646,256	1.9%
CMC Markets Stockbroking Nominees Pty Ltd (Accum A/c)	5,588,402	1.6%
Acuity Capital Investment Management Pty Ltd	5,000,000	1.5%
Kingsreef Pty Ltd	4,897,299	1.4%
New Page Investments Limited	4,828,517	1.4%
Mr Nathan McMahon	4,823,756	1.4%
Mr Michael Nitsche	4,450,000	1.3%
UBS Nominees Pty Ltd	4,386,100	1.3%
Buckland Capital Pty Ltd (D Millar S/F A/c)	4,000,000	1.2%
Mr C W Chalwell & Mrs J R Chalwell (Chalwell pension Fund A/c)	4,000,000	1.2%
A22 Pty Ltd	4,000,000	1.2%
CS Third Nominees Pty Ltd (HSBC Cust Nom AU Ltd 13 A/c)	3,916,250	1.1%
Mrs Victoria Helen Gardiner	3,750,000	1.1%
	125,155,373	**36.4%**

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general 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; 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, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

HOLDERS OF NON-MARKETABLE PARCELS

There are 1,260 shareholders who hold less than a marketable parcel of shares.

STOCK EXCHANGE INFORMATION

DISTRIBUTION OF SHARE HOLDERS (AS AT 16 SEPTEMBER 2019)

	Ordinary Shares
1 to 1,000	135,530
1,001 to 5,000	1,747,356
5,001 to 10,000	2,765,638
10,001 to 100,000	27,972,318
100,001 and over	311,292,425
	343,913,267

SUBSTANTIAL SHAREHOLDERS

As at report date, the following shareholders are recorded as Substantial Shareholders:

Substantial Shareholder	Ordinary Shares held	% Held
Nathan McMahon & associated entities	29,366,142	8.54%

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

OTHER INFORMATION

Cazaly Resources Limited, incorporated and domiciled in Australia, is a public listed Company limited by Shares.

INTEREST IN MINING TENEMENTS AS AT 16 SEPTEMBER 2019

TID	PROJECT	ENTITY	% INT
Managed			
E69/3692 *	ZANTHUS	HASE	100
E38/3111	MOUNT VENN	YAMW	100
E38/3150	MOUNT VENN	YAMW	100
E09/2346 *	BURDIBUBBA	SAMR	100
E38/3425 *	BROWN WELL	SAMR	100
E38/3426 *	BROWN WELL	SAMR	100
Czech Rep *	Horní Věžnice	Discovery	80
Czech Rep *	Brzkov II	Discovery	80
Namibia	EPL 6667	Kunene	76
Namibia *	EPL 7096	Kunene	100
Namibia *	EPL 7097	Kunene	100

TID	PROJECT	ENTITY	% INT
Not Managed			
E31/1019	CAROSUE	CAZR	10
E31/1020	CAROSUE	CAZR	10
M31/0427	CAROSUE	CAZR	10
M47/1450	HAMERSLEY	LOFE	30
M80/0247	MT ANGELO	CAZR	20
E80/4808	MCKENZIE SPRINGS	SAMR	100

* – application