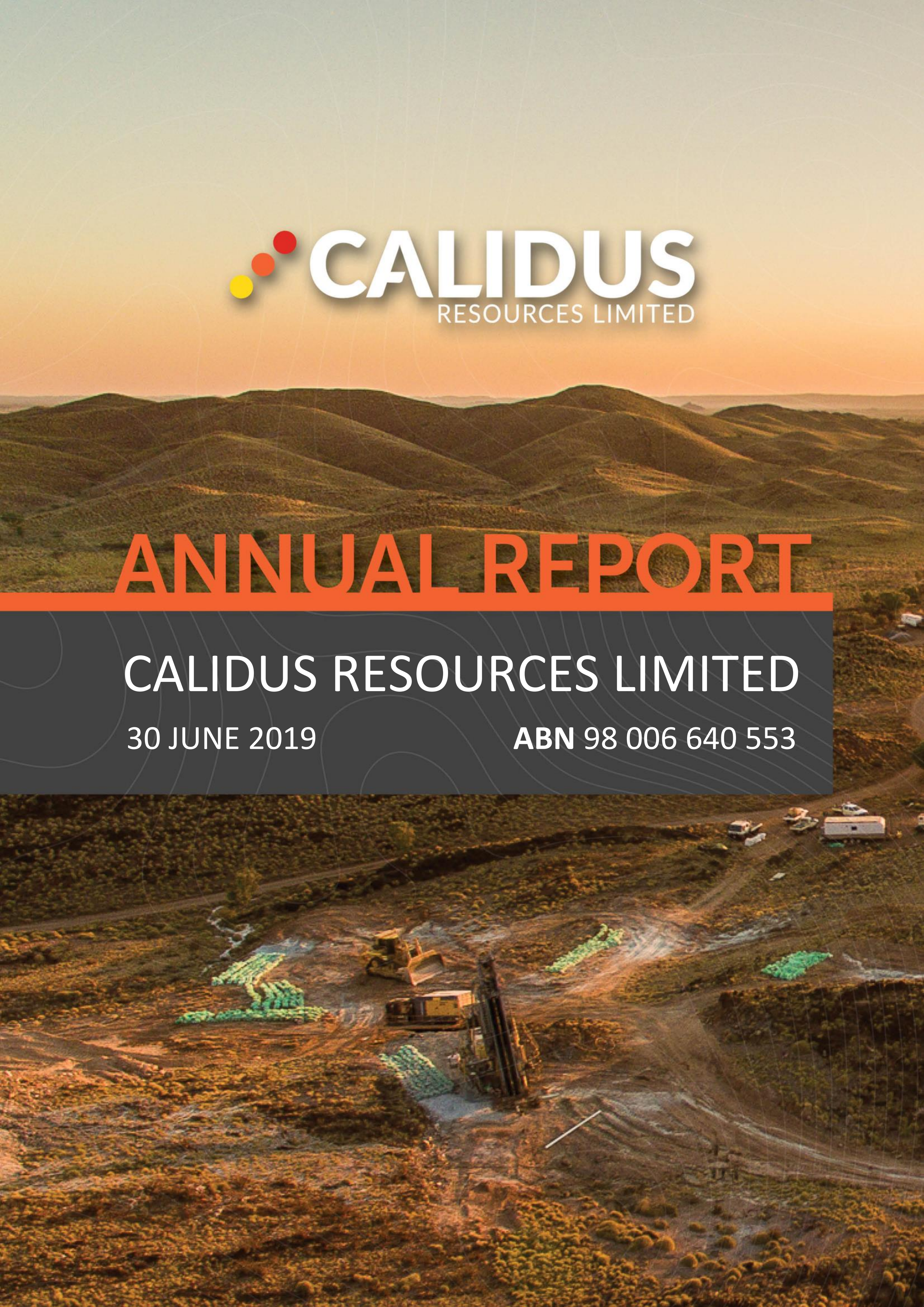

CALIDUS RESOURCES LIMITED

ANNUAL REPORT

CALIDUS RESOURCES LIMITED

30 JUNE 2019

ABN 98 006 640 553

CORPORATE DIRECTORY

CURRENT DIRECTORS

David Reeves	*Managing Director*
Mark Connelly	*Non-executive Chairman*
Keith Coughlan	*Non-executive Director*
Adam Miethke	*Non-executive Director*

COMPANY SECRETARY

Julia Beckett

REGISTERED OFFICE

Street: Suite 12, 11 Ventnor Avenue
WEST PERTH WA 6005

Telephone: +61 (0)8 6245 2050
Email: info@calidus.com.au
Website: http://www.calidus.com.au

SHARE REGISTRY

Automic Pty Ltd
Street: Level 3, 50 Holt Street
SURRY HILLS NSW 2010
Postal: PO Box 1156
NEDLANDS WA 6909
Telephone: 1300 288 664
Email: hello@automic.com.au
Website: http://automic.com.au

SECURITIES EXCHANGE

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) (within Australia)
Telephone: +61 (0)2 9338 0000
Facsimile: +61 (0)2 9227 0885
Website: www.asx.com.au
ASX Code CAI

SOLICITORS TO THE COMPANY

Bellanhouse
Level 19, Alluvion
58 Mounts Bay Road
Perth WA 6000

Auditors

Moore Stephens
Level 15, Exchange Tower, 2 Esplanade
Perth WA 6000
Telephone: +61 (0)8 9225 5355
Website: www.moorestephens.com.au

CALIDUS
RESOURCES LIMITED

CONTENTS

Chairman's Letter

Dear Shareholder

Welcome to the 2019 Annual Report for Calidus Resources.

On behalf of the Board of Directors, I am delighted to report on what has been a highly successful year for your Company as we advanced our strategy to become an Australian gold producer.

The year was marked by the achievement of two key milestones – the substantial increase in Resources at our flagship Warrawoona Gold Project in WA's Pilbara and the subsequent completion of the Pre-feasibility Study (PFS).

Our successful drilling campaigns resulted in the Warrawoona Resource growing by 75% to 21.2 million tonnes at 1.83 g/t for 1.25 million ounces. Importantly, the shallow and high-grade nature of the Resource and its prime location close to quality infrastructure and a number of operating mines makes Warrawoona a highly-valuable asset which is well-positioned to become a stand-alone mining and processing operation.

This substantial Resource inventory underpinned the PFS, which demonstrated that Warrawoona will be a robust project based on a simple mining and processing operation which will generate strong margins and cashflow.

There is also immense potential to grow the inventory and mine life, as demonstrated by strong ongoing exploration results.

The success of the past year has put us firmly on track towards our goal of developing Warrawoona. In preparation for this next chapter, we appointed experienced resources executive Paul Brennan as Chief Operating Officer, further strengthening our team.

Since the end of the 2018 financial year, Calidus has successfully raised approximately $17M through placements to institutional and sophisticated investors and a number of exercises of options. Fellow ASX-listed mining company Alkane Resources invested $6.1M in strategic placements and another $2.2M through the exercise of options, bringing its interest in the Company to approximately 13%.

These measures have ensured that Calidus is now well-funded to continue our exploration program in parallel with the project Definitive Feasibility Study.

Finally, I would like to take this opportunity to thank all staff, advisors, contractors and our shareholders who have supported us over the past year.

I look forward to updating you throughout the new financial year as we continue to advance Warrawoona.

Mark Connelly
Non-executive Chairman

Operations Review

Calidus Resources is pleased to present its key operating results for the year to 30 June 2019.

HIGHLIGHTS

- 75% increase in the Total Warrawoona Mineral Resource to 21.2Mt @ 1.83g/t Au for 1.25Moz.
    - Indicated Mineral Resource of 13.5Mt @ 1.85g/t Au for 795,000 ozs
    - Inferred Mineral Resource of 7.7Mt @ 1.81g/t Au for 453,000 ozs

- Pre-Feasibility completed post year end details Warrawoona as a 100,000 oz pa producer:
    - **Maiden Reserve** of 8.9Mt @ 1.5g/t for 418koz
    - 100,000 oz pa producer for an initial 6 years, plans to expand for feasibility study
    - All-In Sustaining Costs (ASIC) of **$1,159/oz** for Life of Mine costs from production start
    - NPV (pre-tax 8%) **$151m** and **IRR 40%** based on a **A$1,800/oz**
    - NPV (pre-tax 8%) **$234m** and **IRR 56%** based on **A$2,000/oz**
    - NPV (post-tax 8%) **$108m** and **IRR 33%** based on a **A$1,800/oz**
    - NPV (post-tax 8%) **$168m** and **IRR 47%** based on **A$2,000/oz**
    - Gold trading **plus $2,200/oz** post release of PFS
    - Payback **26 months** from production start based on a **A$1,800/oz** study gold price
    - Payback **19 months** from production start based on a **A$2,000/oz spot** price
    - **Capital cost of $95m** including contingency

- 36,000m of drilling completed during the year confirms that gold mineralisation remains open down-dip and along strike from Klondyke;

- Strengthened the Group's management team with appointment of Paul Brennan as Chief Operating Officer;

- Definitive Feasibility Study (**DFS**) and permitting now underway as is additional drilling aimed at extending mine life and highlighting the large regional potential of the area.

- Strategic raising and options exercises in the year resulted in cash inflows of $7.8M during the year. An additional $9M was raised post year end to leave Calidus fully financed for the upcoming drilling and DFS.

- One Lost Time Injury (LTI) was reported for the year, being a hand injury to a driller sustained during drilling operations.

OVERVIEW AND BACKGROUND ON COMPANY'S PROJECTS

Calidus Resources (ASX:CAI) is an ASX-listed gold exploration company which controls the entire Warrawoona Gold Project in the East Pilbara district of Western Australia.

The Warrawoona Gold Project hosts a total Mineral Resource of 1,248,000 ozs at 1.83g/t Au (Indicated Mineral Resource of 13.5 Mt @ 1.83 g/t Au for 795,000 ozs, Inferred Mineral Resource of 7.7Mt @ 1.81g/t Au for 453,000 ozs) defined over a continuous 5km of strike which remains open in all directions. The Company controls approximately 781 square kilometres of prospective tenements that host over 200 historic workings and three satellite Mineral Resources at Fieldings Gully, Copenhagen and Coronation.

A robust PFS was delivered in July 2019 that showed a base case of Warrawoona producing 100,000ozpa over a 6-year mine life at an AISC of A$1,159/oz. A Definitive Feasibility Study and permitting is now underway as is additional drilling aimed at extending mine life and highlighting the large regional potential of the area.

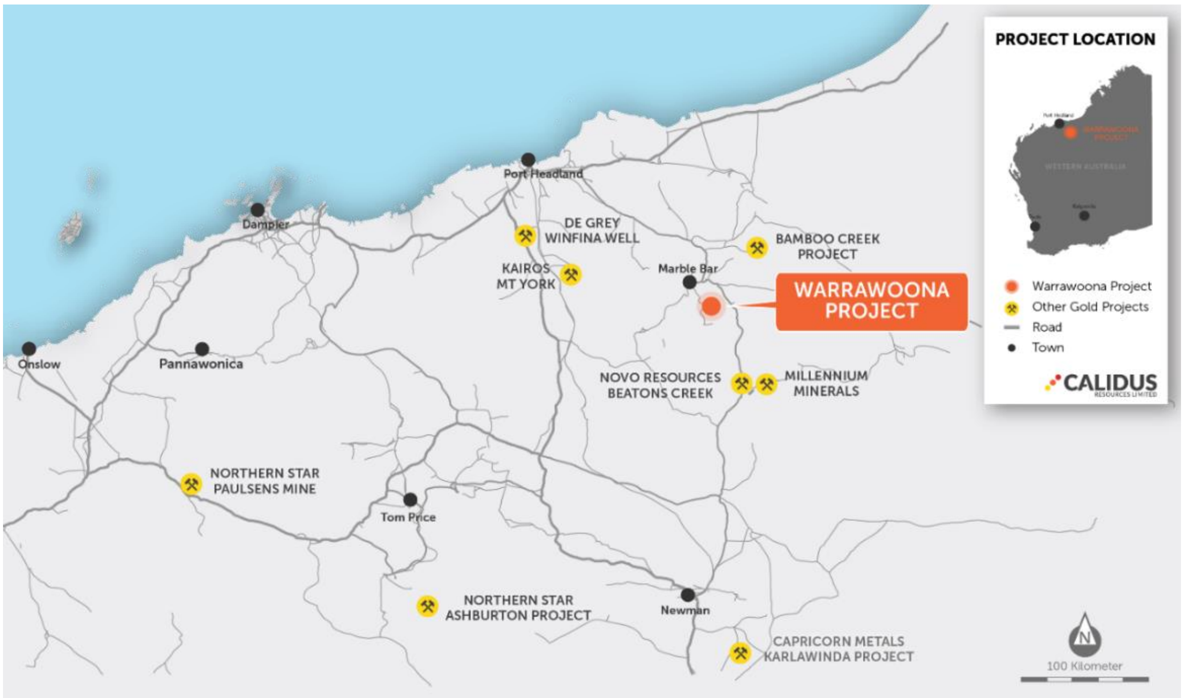

Figure 1: Location of the Warrawoona Gold Project

The Warrawoona Gold Project site is located 28km South East of Marble Bar accessed by an all-weather road. Marble Bar is two hours travel by road from Port Hedland, Australia's largest Port and provides ease of access to logistic routes, major suppliers and relevant skills base.

Gold was first discovered in the Marble Bar area in 1896 and was mined for around 15 years during that period.

The Warrawoona tenements have remained idle due to fragmented ownership in the area and have never been subject to modern exploration or mining techniques. Since listing in June 2017 and through a series of transactions, Calidus has been able to consolidate the Warrawoona tenements which is the key to unlocking the value from the shallow outcropping mineralisation which is prevalent throughout the area.

The Warrawoona Gold Project is located on granted mining leases which have been recently renewed for 30 years. A majority of the Warrawoona Gold Project is located on the Warrawoona Mining Common which is excised from the surrounding Pastoral lease.

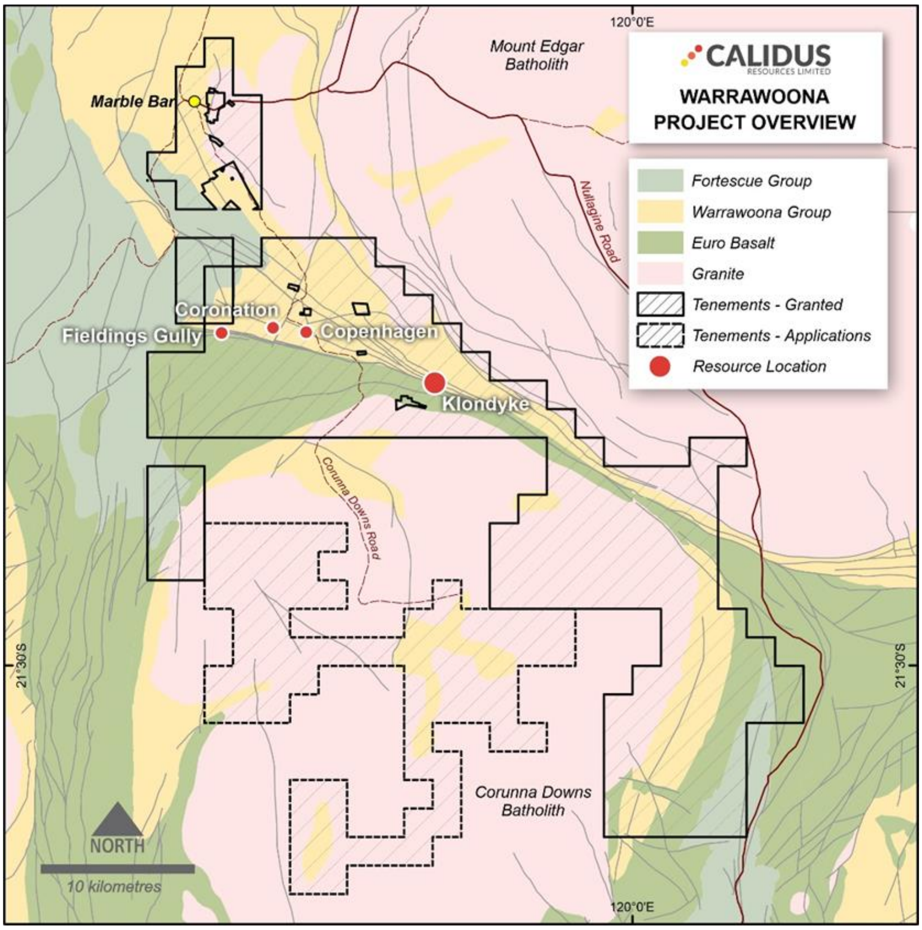

Figure 2: Warrawoona Gold Project Location and tenements

Klondyke Deposit

The mining leases comprising the Klondyke Prospect lie within the Warrawoona Gold Project, one of the oldest greenstone belts within the Pilbara Craton.

The Klondyke Deposit is located approximately 70km from Bamboo Creek and 90km from Millennium Minerals (refer Figure 1).

The resource outcrops at surface and is currently defined over 5 km of strike, remaining open along-strike and down-dip. Mineralisation at Klondyke is characterised by two parallel mineralised lodes containing abundant sulphides and sericite with occasional bonanza high-grade gold shoots lying within the overall shear framework. The Klondyke Deposit also comprises the St George Shear that was identified by the Company and included into the Resource inventory in 2019. St George is located 150m immediately north of and parallel to the Klondyke Main Shear.

Extensive metallurgical test work has established that the gold mineralisation is free milling and amenable to gravity and cyanide extraction methods.

Figure 3 illustrates the Klondyke Deposit, Klondyke East and St George Prospects included in the Mineral Resource. Figure 4 illustrates a long section of the Klondyke Resource with the distribution of drilling that was used to inform the upgraded Mineral Resource.

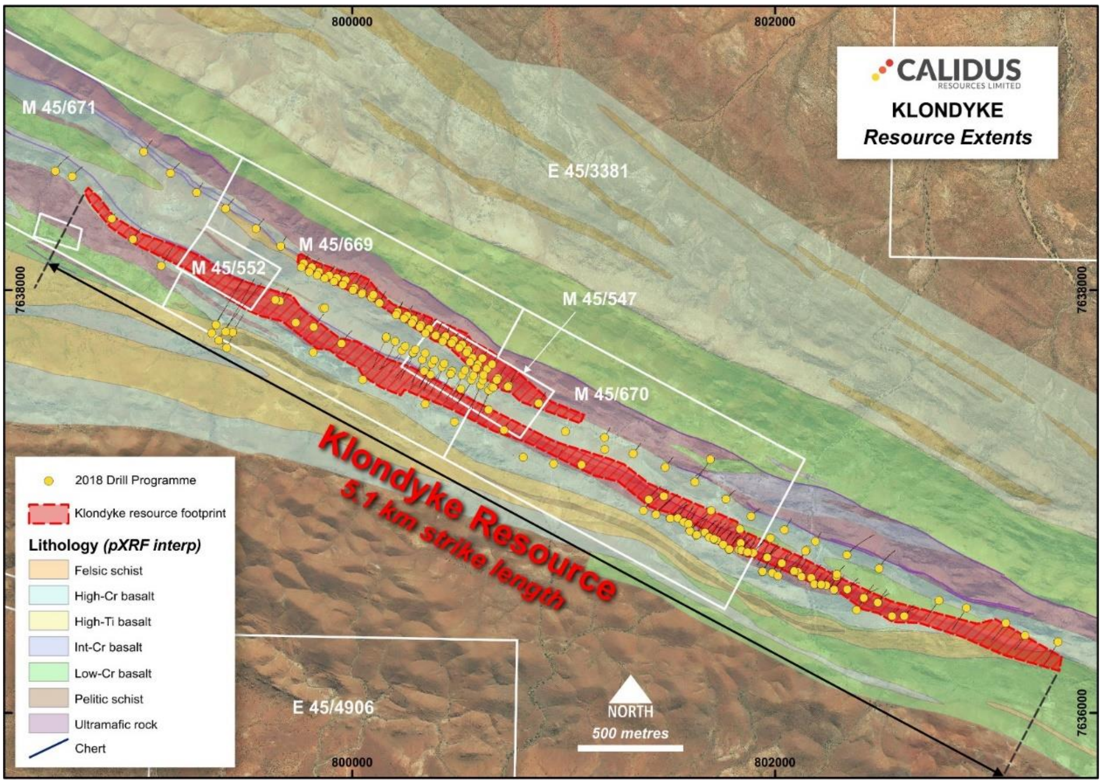

Figure 3: Klondyke Dec 2018 Resource Extents Plan View

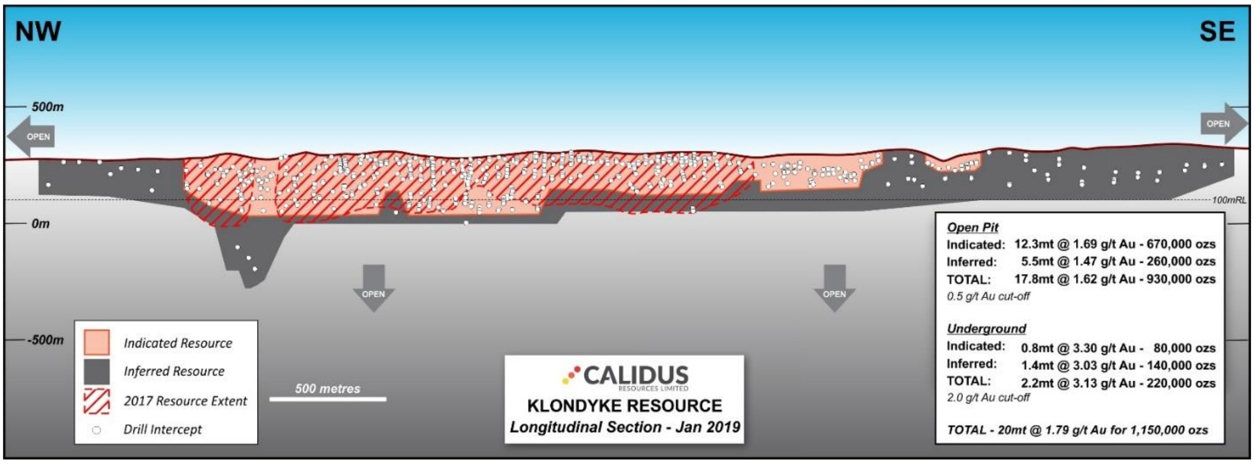

Figure 4: Long section of the Feb 2019 Klondyke Deposit Mineral Resource colour-coded for resource classification with 2017 Resource outline

Satellite Mineral Deposits

The Company controls numerous other tenements to the west of the Klondyke prospect that contain numerous historic workings and known prospects. The tenements are largely untested and contain highly prospective geology. Key targets are centred on the historical Fieldings Gully, Coronation and Copenhagen mines which together contain 98,000 ozs of Mineral Resources.

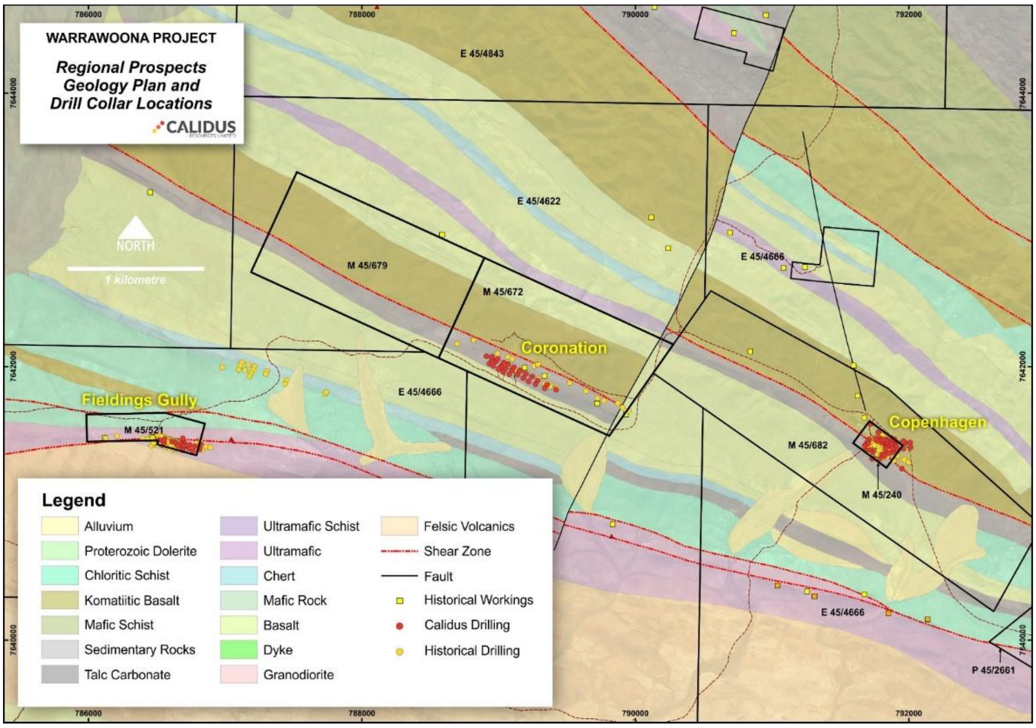

Figure 5: Location and geology of the Copenhagen, Coronation and Fieldings Gully satellite deposits

MINERAL RESOURCES

In February 2019, Calidus was pleased to announce a substantial increase in the Company's Mineral Resource with a high conversion to Indicated Mineral Resources at Warrawoona. The total JORC 2012 Mineral Resource (Measured, Indicated and Inferred) stood at 21.2Mt at 1.83g/t Au for 1.25 million ounces. This represented an increase of 76% from the December 2017 JORC Resource of 654,000 ounces at a grade of 2.06g/t Au.

The upgraded Mineral Resource summary is shown below.

Deposit	Cut-off	Indicated			Inferred			Total		
	Au g/t	Mt	g/t Au	Ozs	Mt	g/t Au	Ozs	Mt	g/t Au	Ozs
Klondyke Open Pit	0.5	12.3	1.69	670,000	5.5	1.47	260,000	17.8	1.62	930,000
Klondyke Underground	2.0	0.8	3.3	80,000	1.4	3.03	140,000	2.2	3.13	220,000
Copenhagen	0.5	0.2	5.27	36,000	0.1	1.84	3,000	0.3	4.65	39,000
Coronation	0.5				0.5	2.19	34,000	0.5	2.19	34,000
Fieldings Gully	0.5	0.2	1.65	9,000	0.3	1.62	16,000	0.5	1.63	24,000
Total		**13.5**	**1.83**	**795,000**	**7.7**	**1.81**	**453,000**	**21.2**	**1.83**	**1,248,000**

PRE-FEASIBILITY STUDY

A pre-Feasibility was completed post year end and details Warrawoona as a 100,000 oz pa producer:

- **Maiden Reserve** of 8.9Mt @ 1.5g/t for 418koz
- 100,000 oz pa producer for an initial 6 years, plans to expand for feasibility study
- All-In Sustaining Costs (ASIC) of **$1,159/oz** for Life of Mine costs from production start
- NPV (pre-tax 8%) **$234m** and **IRR 56%** based on **A$2,000/oz**
- NPV (post-tax 8%) **$168m** and **IRR 47%** based on **A$2,000/oz**
- Gold trading **plus $2,200/oz** post release of PFS
- Payback **26 months** from production start based on a **A$1,800/oz** study gold price
- Payback **19 months** from production start based on a **A$2,000/oz spot** price

- **Capital cost of $95m** including contingency

Capital Costs			Life of Mine
Processing Plant			$72 m
Non Processing Infrastructure and Owners Cost			$16 m
Contingency			$7 m
Total Capital Summary			**$95 m**
Production Summary			
Key Parameter			
Mine Life			6 yrs
Gold Recovered			580,490 oz
Processing Rate			2.0mtpa
Average LOM Metallurgical Recovery			95%
Project Economics (A$)			
Study Gold Price			$1,800 oz
Revenue			$1,045 m
All in Sustaining Costs			$1,159 /oz
Life of Mine Pre-Tax Operating Cashflow			$305 m
$NPV_{8\%}$ (Pre-tax)			$144 m
IRR (Pre-tax)			40%
$NPV_{8\%}$ (Post-tax)			$101 m
IRR (Post tax)			33%
Payback (from Production start)			26 months
AISC Summary	**LOM Cost (A$m)**	**LOM Cost (A$/t)**	**LOM Cost (A$/oz)**
Open Pit Mining	$258 m	$27 /t	$635 /oz
Underground Mining	$175 m	$69 /t	$837 /oz
Mining	$433 m	$36 /t	$746 /oz
Processing and Maintenance	$181 m	$15 /t	$312 /oz
Business Services	$25 m	$2 /t	$44 /oz
Royalties (State and third party)	$34 m	$3 /t	$58 /oz
Total	$673 m	$56 /t	$1,159 /oz

MAIDEN RESERVE

As a result of the PFS study, a maiden Ore Reserve was published for Calidus.

Deposit	Proven			Probable			Total		
	Mt	g/t Au	Ozs	Mt	g/t Au	Ozs	Mt	g/t Au	Ozs
Klondyke Open Pit				8.0	1.4	348,000	8.0	1.4	348,000
Klondyke Underground				0.9	2.4	70,000	0.9	2.4	70,000
Total				**8.9**	**1.5**	**418,000**	**8.9**	**1.5**	**418,000**

ON GOING EXPLORATION

In June 2019 the Company announced the results from a regional drilling programme, up to 5km west of the current 1.15Moz Klondyke Resource. The results highlight the large exploration upside on the Company's tenements outside the current resource.

Significant 4m composite results included:

- 8m @ 8.06g/t Au from 56m in 19TRAC008;
- 4m @ 8.87g/t Au from 48m in 19WWWB004;
- 12m @ 2.37g/t Au from 52m in 19KLAC009;
- 8m @ 1.85g/t Au from 48m in 19TRAC009;
- 4m @ 3.54g/t Au from 60m in 19TRAC006 and
- 4m @ 2.35g/t Au from 44m in 19SGAC003.

PLANNED WORK FOR 2019/2020

Several phases of drilling are planned for the current year. Phase one which commenced in July aims to both improve confidence and expand the mine life outlined in the recent pre-feasibility study (PFS). The program includes:

- 6,500m of RC and core drilling infilling proposed underground resources at the Klondyke deposit
- 3,900m of RC drilling at Klondyke aiming to convert Indicated to Measured Resources during initial years of production (as per PFS)
- 1,600m of shallow RC drilling at Klondyke East aimed at expanding pit limits
- 3,000m of RC drilling at Klondyke West testing a number of high-priority regional exploration targets

Further work on inputs in to the DFS will be completed in the 1st half of the coming year before planned completion of the DFS in Q3 calendar 2020.

COMMUNITY RELATIONS

As part of the Project Permitting process, and wider stakeholder engagement, Calidus staff and representatives have held meetings and project updates with Traditional Owners, Pastoralists, surrounding mines and tenure holders, the Marble Bar Community, Shire of East Pilbara, Local Members' of Parliament, State Government Agencies - DMIRS (Department of Mines, Industry Regulation and Safety), DWER (Department of Water and Environment Regulation), DBCA (Department of Biodiversity, Conservation and Attractions) and Federal Government Agency DoEE (Department of Environment and Energy).

CORPORATE

Senior Management and Board Appointments

In March 2019, Calidus appointed experienced mining executive Paul Brennan as Chief Operating Officer. Mr Brennan is a highly regarded Mining Engineer with an MBA and Graduate Certificate in Project Management and 20 years' experience in the mining industry.

Marketing at Investor Conferences

The Managing Director presented and attended numerous investor conferences throughout the year including Beaver Creek, RIU Fremantle, RRS Gold Coast and Sydney, Noosa and Diggers and Dealers. Roadshows were completed in Sydney, Melbourne, London, Zurich and Perth for meetings with Institutional Investors.

Major Equity Inflows

On 17 October 2018, Calidus announced a strategic placement of 125m shares to Alkane Resources Ltd, a New South Wales gold producer, to raise proceeds of approximately $3.7m. This was followed by a further placement to Alkane on 30 April 2019 of 80m shares at an issue price of 2.7c/ to raise proceeds of approximately $2.2m.

On the 17 June 2019, the Company announced the exercise of options that resulted in the raising of $1.9m.

Post year end, Calidus was pleased to announce the successful Placement of $9M to institutional investors. The Placement received strong support from new and existing institutional investors for the continued advance of the flagship Warrawoona Gold Project.

Disposal of Conglomerate Rights

On 28 August 2018, Calidus announced it had disposed of its conglomerate gold rights to Pacton Gold which is listed on the TSX for C$3.5m in stock with a deferred consideration of up to 3,000,000 Pacton Gold Shares to be issued if the VWAP over the 30 trading days is C$0.50 or less. At years end, Callidus still held this stock and will look to liquidate it in the coming year to assist in funding the ongoing programmes.

Mineral Resource and Ore Reserve Statement

Warrawoona Gold Project Mineral Resources

Deposit	Cut-off	Indicated			Inferred			Total		
	Au g/t	Mt	g/t Au	Ozs	Mt	g/t Au	Ozs	Mt	g/t Au	Ozs
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Copenhagen	0.5	0.2	5.27	36,000	0.1	1.84	3,000	0.3	4.65	39,000
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Fieldings Gully	0.5	0.2	1.65	9,000	0.3	1.62	16,000	0.5	1.63	24,000
Total		**13.5**	**1.83**	**795,000**	**7.7**	**1.81**	**453,000**	**21.2**	**1.83**	**1,248,000**

Warrawoona Gold Project Ore Reserve

Deposit	Proven			Probable			Total		
	Mt	g/t Au	Ozs	Mt	g/t Au	Ozs	Mt	g/t Au	Ozs
Klondyke Open Pit				8.0	1.4	348,000	8.0	1.4	348,000
Klondyke Underground				0.9	2.4	70,000	0.9	2.4	70,000
Total				**8.9**	**1.5**	**418,000**	**8.9**	**1.5**	**418,000**

CORPORATE GOVERNANCE - RESERVES AND RESOURCES CALCULATIONS

Due to the nature, stage and size of the Company's existing operations, Calidus is of the opinion there would be no efficiencies gained by establishing a separate Mineral Reserves and Resources committee responsible for reviewing and monitoring the Company's processes for calculating Mineral Reserves and Resources and for ensuring that the appropriate internal controls are applied to such calculations. However, the Company ensures that all Mineral Reserve and Resource calculations are prepared by competent, appropriately experienced geologists and are reviewed and verified independently by a qualified person.

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to exploration results is based on and fairly represents information compiled by Jane Allen a competent person who is a member of the AusIMM. Jane Allen is employed by Calidus Resources Limited and holds shares in the Company. Jane has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Jane Allen consents to the inclusion in this announcement of the matters based on her work in the form and context in which it appears.

The information in this report that relates to Klondyke, Copenhagen and Coronation Mineral Resources is based on and fairly represents information compiled or reviewed by Mr. Lynn Widenbar, Principal Consultant of Widenbar and Associates Pty Ltd, who is a Member of the AusIMM and the AIG. Mr. Lynn Widenbar is a full-time employee of Widenbar and Associates Pty Ltd. and has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Lynn Widenbar consents to the inclusion of the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on and fairly represents information compiled or reviewed by Mr. Steve O'Grady. Mr O'Grady has confirmed that he has read and understood the requirements of the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is accepting responsibility. Mr O'Grady is a Member of the AusIMM and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

TENEMENT SCHEDULE AS AT 30 JUNE 2019

CALIDUS RESOURCES & SUBSIDAIRIES TENEMENT SCHEDULE				
Tenement ID	**Holder**	**Size (ha)**	**Renewal**	**Ownership/ Interest**
GRANTED				
E45/4856	Keras (Pilbara) Gold Pty Ltd	2,554.05	20/05/2023	100%
E45/4857	Keras (Pilbara) Gold Pty Ltd	14,681.95	20/05/2023	100%
E45/3615	Keras (Pilbara) Gold Pty Ltd	3,513.73	22/11/2020	100%
E45/4236	Keras (Pilbara) Gold Pty Ltd	958.25	19/10/2019	100%
E45/4905	Keras (Pilbara) Gold Pty Ltd	638.86	29/11/2022	100%
E45/4906	Keras (Pilbara) Gold Pty Ltd	319.46	29/11/2022	100%
E45/5178	Keras (Pilbara) Gold Pty Ltd	6,067.13	22/11/2023	100%
M45/0521	Keras (Pilbara) Gold Pty Ltd	18.11	10/03/2034	100%
M45/0547	Keras (Pilbara) Gold Pty Ltd	17.72	2/05/2035	100%
M45/0552	Keras (Pilbara) Gold Pty Ltd	9.71	18/01/2035	100%
M45/0668	Keras (Pilbara) Gold Pty Ltd	242.05	28/12/2037	100%
M45/0669	Keras (Pilbara) Gold Pty Ltd	101.95	28/12/2037	100%
M45/0670	Keras (Pilbara) Gold Pty Ltd	113.10	29/12/2037	100%
M45/0671	Keras (Pilbara) Gold Pty Ltd	118.65	29/11/2037	100%
M45/0672	Keras (Pilbara) Gold Pty Ltd	116.20	1/08/2037	100%
M45/0679	Keras (Pilbara) Gold Pty Ltd	121.30	8/04/2038	100%
M45/0682	Keras (Pilbara) Gold Pty Ltd	235.95	17/04/2038	100%
M45/0240	Keras (Pilbara) Gold Pty Ltd	6.07	17/11/2028	100%
Applications				
E45/5374	Keras (Pilbara) Gold Pty Ltd	22,018.45	APPLICATION	100%
L45/0523	Keras (Pilbara) Gold Pty Ltd	172.54	APPLICATION	100%
L45/0527	Keras (Pilbara) Gold Pty Ltd	251.51	APPLICATION	100%
P45/3065	Keras (Pilbara) Gold Pty Ltd	29.45	APPLICATION	100%
Option to Acquire				
E45/4555	Epminex WA Pty Ltd	1,917.75	1/03/2022	100%
E45/5172	Epminex WA Pty Ltd	4,307.32	30/05/2024	0%
E45/4843	Epminex WA Pty Ltd	942.15	2/07/2022	50%
Joint Venture				
E45/3381	Beatons Creek Gold Pty Ltd	7,965.63	16/03/2021	Earning to 70%
E45/4666	Beatons Creek Gold Pty Ltd	3,163.98	23/11/2021	Earning to 70%
E45/4622	Beatons Creek Gold Pty Ltd	4,222.07	4/05/2022	Earning to 70%
E45/4194	Grant's Hill Gold Pty Ltd	1,278.29	14/07/2019	Earning to 70%
E45/4934	Beatons Creek Gold Pty Ltd	1,596.99	22/01/2023	Earning to 70%
P45/2781	Beatons Creek Gold Pty Ltd	2.42	10/06/2020	Earning to 70%

Directors' report

Your directors present their report on the consolidated entity, consisting of Calidus Resources Limited (**Calidus** or **the Company**) and its controlled entities (collectively **the Group**), for the financial year ended 30 June 2019.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

- Mr David Reeves — Managing Director
- Mr Mark Connelly — Non-executive Chairman
- Mr Keith Coughlan — Non-executive Director
- Mr Adam Miethke — Non-executive Director
- Mr Peter Hepburn- Brown — Non-executive Director *(Passed away 2 September 2018)*

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

2. Company secretary

Ms Julia Beckett was appointed Company Secretary of the Company on 24 September 2018. Ms Beckett holds a Certificate in Governance Practice and Administration and is an Affiliated Member of the Governance Institute of Australia.

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2019.

4. Significant changes in the state of affairs

Please refer to the operations review for the significant changes in the state of affairs of the Group that occurred during the financial year.

5. Significant changes in principal activities

There were no significant changes to the Group's principal activities during the financial year.

6. Operating and financial review

6.1 Nature of Operations Principal Activities

Calidus is a gold exploration company that controls the Warrawoona Gold Project in the East Pilbara district of the Pilbara Goldfields in Western Australia.

6.2 Operations review (refer Operations Review on page 4)

6.3 Financial review

a. Operating results

For the 2019 financial period the Group delivered a loss before tax of $1,242,718 (2018: $2,874,136 loss).

The financial statements have 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.

b. Financial position

The net assets of the Group have increased from 30 June 2018 by $6,953,149 to $21,985,483 at 30 June 2019 (2018: $15,032,334).

Directors' report

As at 30 June 2019, the Group's cash and cash equivalents decreased from 30 June 2018 by $1,996,878 to $4,145,369 at 30 June 2019 (2018: $6,142,247) and had working capital of $2,576,540 (2018: $5,237,490 working capital), as noted in Note 14e.

6.4 Events subsequent to reporting date

PRE-FEASIBILITY STUDY

A pre-Feasibility was completed post year end and details Warrawoona Gold Project as a 100,000 oz pa producer:

- **Maiden Reserve** of 8.9Mt @ 1.5g/t for 418koz
- 100,000 oz pa producer for an initial 6 years, plans to expand for feasibility study
- All-In Sustaining Costs (ASIC) of **$1,159/oz** for Life of Mine costs from production start
- NPV (pre-tax 8%) **$234m** and **IRR 56%** based on **A$2,000/oz**
- NPV (post-tax 8%) **$168m** and **IRR 47%** based on **A$2,000/oz**
- Gold trading **plus $2,200/oz** post release of PFS
- Payback **26 months** from production start based on a **A$1,800/oz** study gold price
- Payback **19 months** from production start based on a **A$2,000/oz spot** price
- Capital cost of $95m including contingency

Post year end, Calidus was pleased to announce the successful Placement of $9M to institutional investors. The Placement received strong support from new and existing institutional investors for the continued advance of the flagship Warrawoona Gold Project.

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 24 Events subsequent to reporting date.

6.5 Future developments, prospects and business strategies

PLANNED WORK FOR 2019/2020

Several phases of drilling are planned for the current year. Phase one which commenced in July aims to both improve confidence and expand the mine life outlined in the recent pre-feasibility study (PFS). The program includes:

- 6,500m of RC and core drilling infilling proposed underground resources at the Klondyke deposit
- 3,900m of RC drilling at Klondyke aiming to convert Indicated to Measured Resources during initial years of production (as per PFS)
- 1,600m of shallow RC drilling at Klondyke East aimed at expanding pit limits
- 3,000m of RC drilling at Klondyke West testing a number of high-priority regional exploration targets

Further work on inputs in to the DFS will be completed in the 1st half of the coming year before planned completion of the DFS in Q3 calendar 2020.

6.6 Environmental regulations

The consolidated entity will comply with its obligations in relation to environmental regulation on its projects when it undertakes exploration. The Directors are not aware of any breaches of any environmental regulations during the period covered by this Report.

Directors' report

7. Information relating to the Directors

■ **Mr David Reeves**		Managing Director
Qualifications	☐	Mining Engineer Bachelor of Engineering (1st Class honours), Grad Dip Applied Finance, WA Mine Managers Certificate
Experience	☐	Mr Reeves is a Perth-based, qualified mining engineer with 30 years of experience in the mining industry and is currently the Non-executive Chairman of European Metals Holdings Limited (ASX and AIM). Mr Reeves has extensive experience in international capital markets through his involvement with various listed London and Australia companies. Mr Reeves was the Project Manager of Zimplats and Afplats prior to their sale for a combined US$1 billion and prior to this, worked with Delta Gold in Zimbabwe and various gold companies in Western Australia in which he assumed various roles, including the position of Mine Manager.
Special responsibilities	☐	None
Interest in Shares and Options	☐	17,757,903 Fully Paid Ordinary Shares 5,000,000 Unlisted Option, 3 cents, exp 13 June 2020
Directorships held in other listed entities	☐	Non-executive Chairman of European Metals Holdings Limited (ASX) Non-executive Director of Keras Resources Plc (AIM)
■ **Mr Mark Connelly**		Independent Non-executive Chairman
Qualifications	☐	Bachelor of Business, ECU, MAICD, AIMM, Member of SME
Experience	☐	Mr Connelly was previously Managing Director of Papillion Resources and was instrumental in the US$570m takeover of Papillion by B2Gold Corp in October 2014. Prior to Papillon, Mr Connelly was Chief Operating Officer of Endeavour Mining Corporation, following its merger with Adamus Resources Limited where he was Managing Director and CEO. Mark was instrumental in not only the merger, but procurement of project finance and the development of the Nzema Mine in Ghana into a +100Koz pa mining operation.
Special responsibilities	☐	Chairman of Audit Committee
Interest in Shares and Options	☐	5,000,000 Fully Paid Ordinary Shares
Directorships held in other listed entities	☐	Non-executive Chairman of West African Resources Ltd (ASX) Non-executive Chairman of Tao Commodities Ltd (ASX) Non-executive Chairman of Primero Group (ASX)
Past directorships in the last 3 years	☐	Non-executive director of Ausdrill Limited, (ASX) from July 2012 to June 2018 Non-executive director of Tiger Resources Ltd (ASX) from December 2015 to June 2018 Non-executive director of Saracen Mineral Holdings Limited (ASX) from May 2015 to November 2017 Non-executive Chairman of Cardinal Resources Ltd (ASX) from September 2015 to October 2017
■ **Mr. Keith Coughlan**		Non-executive Director
Qualifications	☐	BA
Experience	☐	Mr Coughlan has almost 30 years' experience in stockbroking and funds management. He has been largely involved in the funding and promoting of resource companies listed on ASX, AIM and TSX, has advised various companies on the identification and acquisition of resource projects and was previously employed by one of Australia's then largest funds.
Special responsibilities	☐	Chairman of the Remuneration Committee
Interest in Shares and Options	☐	4,440,000 Fully Paid Ordinary Shares 5,000,000 Unlisted Options, 3 cents, exp 13 June 2020
Directorships held in other listed entities	☐	Managing Director of European Metals Holdings Limited (ASX & AIM) Non-executive Director of Southern Hemisphere Mining Limited (ASX)
Past directorships in the last 3 years	☐	Non-executive Chairman of Talga Resources Limited (ASX)

Directors' report

- **Mr Adam Miethke** — Non-executive Director

Qualifications	Bachelor of Applied Science with First Class Honours in Geology & Master of Business Administration
Experience	Mr Miethke is a geologist with over extensive experience in the metals and mining industry, funds management and as a corporate advisor. Mr Miethke initially worked for Rio Tinto's iron ore division before joining Snowden Mining Consultants where he worked across all commodities in Australia, Africa, Eastern Europe and South America. After completing an MBA in 2008, he joined Regent Pacific Group in Hong Kong as technical director, overseeing the group's investment portfolio. Between 2011 and 2016, Mr Miethke was a director of a corporate finance team at Argonaut Capital Limited and led Argonaut's metals and mining division.
Special responsibilities	Member of Audit Committee
Interest in Shares and Options	6,000,000 Unlisted Options, 3 cents, exp 13 June 2020
Directorships held in other listed entities	None

8. Meetings of directors and committees

The number of Directors' Meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each Director is as follows:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Dave Reeves	4	4	-	-	-	-
Mark Connelly	4	4	-	-	-	-
Keith Coughlan	4	4	-	-	-	-
Adam Miethke	4	4	-	-	-	-

9. Indemnifying officers or auditor

During or since the end of the financial period the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.

- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

- No indemnity has been paid to auditors.

Directors' report

10. Options

10.1 Unissued shares under option

At the date of this report, the un-issued ordinary shares of Calidus Resources Limited under option (listed and unlisted) are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
18 October 2018	1 November 2019	$0.035	70,000,000
9 June 2017	9 June 2020	$0.025	25,750,000
18 April 2017	18 April 2021	$0.020	48,000,000
13 June 2017	13 June 2020	$0.030	16,000,000
			159,750,000

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

10.2 Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Grant Date	Issued price of the shares	Number of shares issued
12-Feb-19	$0.025	555,556
17-May-19	$0.025	600,000
23-May-19	$0.025	80,000
29-May-19	$0.025	1,110,000
13-Jun-19	$0.025	20,124,275
14-Jun-19	$0.025	22,630,169
24-Jun-19	$0.025	14,000,000
24-Jun-19	$0.025	28,400,000
20-Aug-19	$0.025	4,000,000
20-Aug-19	$0.020	2,000,000
10-Sept-19	$0.025	750,000

11. Non-audit services

No non-audit services were provided to the Company during or since the end of the financial period.

Directors' report

12. Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

13. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the period ended 30 June 2019 has been received and can be found on page 25 of the annual report.

14. Remuneration report (audited)

The information in this remuneration report has been audited as required by s308(3C) of the Corporations Act 2001.

14.1 Key management personnel (**KMP)**

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the directors of the Company and key executive personnel:

- Mr David Reeves — Managing Director
- Mr Mark Connelly — Non-executive Chairman
- Mr Keith Coughlan — Non-executive Director
- Mr Adam Miethke — Non-executive Director
- Mr Peter Hepburn-Brown — Non-executive Director *(passed away 2 September 2018)*
- Mr James Carter — Chief Financial Officer and Company Secretary *(resigned 24 September 2018)*

14.2 Principles used to determine the nature and amount of remuneration

The remuneration policy of the Company has been designed to ensure reward for performance is competitive and appropriate to the result delivered. The framework aligns executive reward with the creation of value for shareholders and conforms to market best practice. The Board ensures that Director and executive reward satisfies the following key criteria for good reward government practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholder;
- Performance;
- Transparency; and
- Capital management.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. Currently, this is facilitated through the issues of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executive of the Company is as follows:

a. Executive Directors and other Senior Executives

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long-term commitment to the Company. Executives receive a base remuneration which is market related, and may receive performance based remuneration. The Board reviews Executive packages annually by reference to the Company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are also entitled to participate in employee share and option schemes.

Directors' report

Planned amendments to incentive plan for 2020

Given the developments in, and evolvement of the Company to date, the Board has decided to appoint a firm of Remuneration Advisors to review the Company's remuneration and incentive plans. The review is being undertaken to ensure appropriateness of performance conditions (over the short and long term), vesting scales, targets and gates to the circumstances that are anticipated to prevail over the measurement period and the expectations of shareholders.

b. Non-Executive Directors

The Company's Constitution provides that Directors are entitled to be remunerated for their services as follows:

- The total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.
- The Directors' remuneration accrues from day to day.

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

Planned amendments to incentive plan for 2020

Notwithstanding the aforementioned, and based on our preliminary discussions with a firm of remuneration advisors, the remuneration structure for Non-Executive Directors will be reviewed to represent the following structure:

- Annual board fees;
- Committee fees; and
- Equity based fees (in lieu of fixed fees)

The equity-based fees to be considered for NEDs under a new (and still to be considered) plan will not be subject to performance conditions. This will be in-line with best practice governance standards, including the ASX Corporate Governance Council's Principles.

c. Fixed Remuneration

Other than statutory superannuation contribution, no retirement benefits are provided for Executive and Non-Executive Directors of the Company. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company.

d. Performance Based Remuneration – Short-term and long-term incentive structure

The Board will review short-term and long-term incentive structures from time to time. Any incentive structure will be aligned with shareholders' interests.

- Short-term incentives

No short-term incentives in the form of cash bonuses were granted during the period.

- Long-term incentives

The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

The executive Directors will be eligible to participate in any short term and long-term incentive arrangements operated or introduced by the Company (or any subsidiary) from time to time.

Directors' report

e. Service Contracts

Remuneration and other terms of employment for the directors and KMP are formalised in contracts of service.

f. Engagement of Remuneration Consultants

During the financial period, the Company did not engage any remuneration consultants.

g. Relationship between Remuneration of KMP and Earnings

The Board does not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

14.3 Directors and KMP remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

The amounts disclosed for the 2019 financial year in the table represents remuneration paid to the Group over the financial year ended 30 June 2019 and 30 June 2018.

2019 – Group								
Group KMP	Short-term benefits		Post-employment benefits		Equity-based benefits		Total	% of remuneration as equity-based payments
	Salary, fees and leave $	Other $	Super-annuation $	Other $	Equity $	Options $	$	
David Reeves	275,000	-	-	-	-	15,556	290,556	5.0%
Mark Connelly	60,000	-	5,700	-	133,818	-	199,518	67.0%
Keith Coughlan	24,000	-	-	-	-	12,963	36,963	35.0%
Peter Hepburn-Brown [i]	4,200	-	-	-	-	-	4,200	-%
Adam Miethke	24,000	-	-	-	-	15,556	39,556	39.0%
James Carter[ii]	27,500	-	-	-	21,653	-	49,153	44.0%
	414,700	-	5,700	-	155,471	44,075	619,946	

(i) Deceased 2 September 2018
(ii) Resigned 21 September 2018

2018 – Group								
Group KMP	Short-term benefits		Post-employment benefits		Equity-based benefits		Total	% of remuneration as equity-based payments
	Salary, fees and leave $	Other $	Super-annuation $	Other $	Equity $	Options $		$
David Reeves	204,000	-	-	-	-	79,349	283,349	28.0%
Mark Connelly	21,750	-	2,066	-	69,194	-	93,010	74.4%
Keith Coughlan	32,000	-	-	-	-	39,674	71,674	55.4%
Peter Hepburn-Brown	24,000	-	-	-	-	23,805	47,805	49.8%
Adam Miethke	25,250	-	-	-	-	47,609	72,859	61.1%
James Carter[ii]	-	76,000	-	-	137,934	-	213,934	64.5%
	307,000	76,000	2,066	-	207,128	190,437	782,631	

Directors' report

14.4 Service agreements

Name	Employing Company	Base Salary/Fees	Terms of Agreement	Termination Notice Period
Mr David Reeves	Calidus Resources Ltd	Consultancy fees of $275,000 per annum plus GST. *(a) Refer below for further details.*	Until terminated.	3 months in writing by either party or termination payment equal to 3 months consultancy fees.

(a) In the event of a change in control (which occurs when a person's voting power in the Company increases above 50%), Mr Reeves will receive a bonus payment equal to 12 months Consultancy Fee. However, this bonus will not be payable if, within 6 months after the change of control, either the Consultant or the Company terminates the consultancy in accordance with the ECA.

a. Non-executive Director Agreements

The Company entered into separate Non-executive Director letter agreement with each of Mr Connelly, Mr Coughlan and Mr Miethke.

The Company has agreed to pay Mr Connelly a director fee of $60,000 plus superannuation per year for services provided to the Company as Non-executive Chairman. Mr Connelly was also granted 5,000,000 loan funded ordinary shares in the Company at 4 cents per share.

The Company has agreed to pay Mr Coughlan and Mr Miethke director fees of $24,000 each including superannuation per year for services provided to the Company as Non-executive Director.

14.5 Share-based compensation

In consideration of retaining key quality employees of Calidus, the Company issued 17,500,000 fully paid ordinary shares upon the conversion of 17,500,000 Employee Shares and issued 9,000,000 new Employee Shares under the Employee Securities Incentive Plan during the year ended 30 June 2019.

a. Securities Received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Directors' report

b. Employee Securities Incentive Plan

Key quality employees of Calidus were issued 9,000,000 fully paid ordinary shares under the Employee Securities Incentive Plan. The terms of the employee securities were as follows:

- Employee securities had the following issue price:
  - $0.03 per share for 9,000,000 shares
- The employee must remain employed by a member of the Group for one year after the date the employee securities are issued;
- The employee securities are held in a voluntary holding lock for a period of 12 months from the date of issue;
- An interest free loan for the full amount to purchase the employee securities will be made available to the employee. The terms of the loan were as follows:
  - The company agrees to lend the amount equal to the issue price multiplied by the number of employee securities
  - The employee can repay the balance outstanding on the loan at any time
  - The loan is interest free
  - The outstanding amount of the loan will become payable on the earliest of:
    - The repayment date - 15 years from the date of loan advance
    - The employee securities being sold
    - The employee becoming insolvent
    - The employee ceasing to be an employee
    - The employee securities being acquired by a third party by way of an amalgamation, arrangement or formal takeover bid
  - The employee may not repay the balance outstanding on the loan in respect of the employee securities which are in voluntary holding lock.

c. Options and Rights Granted as Remuneration

No options or rights were granted as remuneration during the financial year ended 30 June 2019

14.6 KMP equity holdings

a. Fully paid ordinary shares of Calidus resources Limited held by each KMP

2019 – Group *Group KMP*	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Resignation of director No.	Balance at end of year No.
David Reeves	14,665,000	-	1,110,000	1,982,903	-	17,757,903
Mark Connelly	5,000,000	-	-	-	-	5,000,000
Keith Coughlan	4,440,000	-	-	-	-	4,440,000
Adam Miethke	-	-	-	-	-	-
Peter Hepburn-Brown[(i)]	1,333,334	-	-	-	1,333,334	-
James Carter[(ii)]	6,219,511	-	-	-	6,219,511	-
	31,657,845	-	1,110,000	1,982,903	7,552,845	27,197,903

Directors' report

b. Options in Calidus Resources Limited held by each KMP

2019 – Group *Group KMP*	Balance at start of year No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Resignation of director No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
David Reeves	6,110,000	-	(1,110,000)	-	-	5,000,000	5,000,000	-
Mark Connelly	-	-	-	-	-	-	-	-
Keith Coughlan	6,110,000	-	-	(1,110,000)	-	5,000,000	5,000,000	-
Adam Miethke	6,000,000	-	-	-	-	6,000,000	6,000,000	-
Peter Hepburn-Brown(i)	3,333,334	-	-	-	(3,333,334)	-	-	-
James Carter(ii)	-	-	-	-	-	-	-	-
	21,553,334	-	(1,110,000)	(1,110,000)	(3,333,334)	16,000,000	16,000,000	-

(i) Deceased 3 September 2018
(ii) Resigned 21 September 2018

14.7 Other equity related KMP transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

14.8 Other transactions with KMP and or their related parties

During the 2019 financial year, the Group incurred the following amounts to related parties:

- Office Rent – Wilgus Investments Pty Ltd $62,300 (30 June 2018: $60,000)

  On 1 January 2019 Calidus and Wilgus Investments Pty Ltd entered into a sub-lease agreement in respect of a portion of the office space at 12/11 Ventnor Avenue, West Perth (Office Lease Agreement).

  Mr Reeves (Managing Director of the Company) is a director of Wilgus Investments Pty Ltd.

  The rent payable by Calidus under the Office Lease Agreement is $5,700 per month payable in advance.

Directors' report

- Discovery Capital Partners Pty Ltd Engagement

  The Group paid Corporate Advisory and Capital Raising fees to Discovery Capital Partners Pty Ltd of $170,000 during the year ended 30 June 2019 (30 June 2018: $207,585).

  Mr Miethke is a Director of Discovery Capital. The Board considers that the Discovery Capital engagement to be on arms' length and commercial terms.

Refer also Note 20 Related party transactions.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

MARK CONNELLY
Non-executive Chairman
Dated this Wednesday, 25 September 2019

MOORE STEPHENS

Level 15 Exchange Tower,
2 The Esplanade
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephenswa.com.au

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

As lead auditor of Calidus Resources Limited, I declare, that to the best of my knowledge and belief, during the financial year ended 30 June 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Calidus Resources Limited and the entities it controlled during the financial year.

S TAN
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 25 day of September 2019.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Continuing operations			
Revenue	3	3,691,174	-
interest income	3	84,980	105,479
		3,776,154	105,479
Compliance costs		(580,035)	(354,188)
Depreciation and amortisation		(60,200)	(32,587)
Employment costs	4	(512,401)	(380,202)
Exploration Expenditure		(2,320)	(676,004)
Finance costs		(21,615)	(1,992)
Insurance fees		(41,983)	(44,348)
Impairment of exploration expenditure		-	(12,500)
Impairment of property plant and equipment		(15,000)	(39,692)
Legal and consulting fees		(83,705)	(463,389)
Occupancy costs		(65,224)	(64,321)
Share-based payments	17	(634,532)	(630,282)
Share registry and listing fees		(464,033)	(122,211)
Travel and accommodation		(84,825)	(101,359)
Other expenses		(45,158)	(54,200)
Unrealised loss on Pacton shares		(2,405,866)	-
Foreign exchange loss		(1,974)	(2,340)
Loss before tax		(1,242,718)	(2,874,136)
Income tax benefit / (expense)	5	-	-
Net (loss) / profit for the period		(1,242,718)	(2,874,136)
Other comprehensive income, net of income tax		-	-
Other comprehensive income for the period, net of tax		(1,242,718)	(2,874,136)
Total comprehensive income attributable to members of the parent entity		(1,242,718)	(2,874,136)
Earnings per share:		¢	¢
Basic and loss per share (cents per share)	6c	(0.09)	(0.27)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Current assets			
Cash and cash equivalents	7	4,145,369	6,142,247
Trade and other receivables	8	307,782	301,898
Financial assets	9a	1,275,245	-
Total current assets		5,728,396	6,444,145
Non-current assets			
Plant and equipment	10	114,309	175,377
Exploration and evaluation assets	11	18,145,519	9,985,029
Other non-current assets	9b	24,993	24,993
Total non-current assets		18,284,821	10,185,399
Total assets		24,013,217	16,629,544
Current liabilities			
Trade and other payables	11	1,876,611	1,206,655
Short-term provisions	12	151,123	390,555
Total current liabilities		2,027,734	1,597,210
Total liabilities		2,027,734	1,597,210
Net assets		21,985,483	15,032,334
Equity			
Issued capital	13a	29,712,407	21,712,043
Employee shares	14d	20,175	414,029
Reserves	16	760,212	170,855
Accumulated losses		(8,507,311)	(7,264,593)
Total equity		21,985,483	15,032,334

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of change in equity
for the year ended 30 June 2019

	Note	Issued Capital $	Employee Shares $	Option Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2017		10,363,420	-	9,145	(4,390,457)	5,982,108
Loss for the period attributable owners of the parent		-	-	-	(2,874,136)	(2,874,136)
Other comprehensive income for the period attributable owners of the parent		-	-	-	-	-
Total comprehensive income for the period attributable owners of the parent		-	-	-	(2,874,136)	(2,874,136)
Transaction with owners, directly in equity			-			
Shares issued during the period	14a	11,667,475	-	-	-	-
Options issued during the period	16	-	-	216,253	-	216,253
Options exercised during the period	16	217,043	-	(54,543)	-	162,500
Employee shares issued during the period	17a	-	414,029	-	-	414,029
Transaction costs	14a	(535,895)	-	-	-	(535,895)
Balance at 30 June 2018		21,712,043	414,029	170,855	(7,264,593)	15,032,334
Balance at 1 July 2018		21,712,043	414,029	170,855	(7,264,593)	15,032,334
Loss for the period attributable owners of the parent		-	-	-	(1,242,718)	(1,242,718)
Other comprehensive income for the period attributable owners of the parent		-	-	-	-	-
Total comprehensive income for the period attributable owners of the parent		-	-	-	(1,242,718)	(1,242,718)
Transaction with owners, directly in equity			-			
Shares issued during the period	14a	7,816,688	-	-	-	7,816,688
Shares issued as share based payment	17	3,360	-	-	-	3,360
Options amortised during the period	16	-	-	589,357	-	589,357
Employee shares issued during the period	14a	439,029	(393,854)	-	-	45,175
Transaction costs	14a	(258,712)	-	-	-	(258,712)
Balance at 30 June 2019		29,712,407	20,175	760,212	(8,507,311)	21,985,483

The consolidated statement *of changes in equity is to be read in conjunction with the accompanying notes.*

Consolidated statement of cash flows

for the year ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Cash flows from operating activities			
Receipts from customers		10,063	76,353
Payments for suppliers and employees		(2,837,498)	(1,801,130)
Interest received		84,980	29,126
Interest and borrowings costs		-	(1,992)
Net cash used in operating activities	7c	(2,742,455)	(1,697,643)
Cash flows from investing activities			
Sale/ (purchase) of plant and equipment		(14,131)	(191,296)
Payments for exploration expenditure		(6,851,690)	(5,242,293)
Sale/(purchase) of tenements		-	(613,749)
Net cash used in investing activities		(6,865,821)	(6,047,338)
Cash flows from financing activities			
Proceeds from issue of shares		7,786,687	10,162,500
Payments for capital raising costs		(175,289)	(717,157)
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash provided by financing activities		7,611,398	9,445,343
Net (decrease)/increase in cash held		(1,996,878)	1,700,362
Cash and cash equivalents at the beginning of the period		6,142,247	4,441,885
Cash and cash equivalents at the end of the period	7b	4,145,369	6,142,247

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

These are the consolidated financial statements and notes of Calidus Resources Limited (**Calidus** or **the Company**) and controlled entities (collectively **the Group**). Calidus is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of Calidus, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

The financial statements were authorised for issue on 25 September 2019 by the directors of the Company.

a. Basis of preparation

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

i. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (**AAS Board**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

ii. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

iii. Comparative figures

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

b. Accounting Policies

Except where stated below, the Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2018 as per (d) below.

c. Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, hich is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

Notes to the consolidated financial statements

for the year ended 30 June 2019

1 Statement of significant accounting policies

c. Principles of consolidation (continued)

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 18 Controlled Entities of the financial statements.

iii. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, than such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

iv. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 30 June 2019

1 Statement of significant accounting policies

d. New Accounting Standards and Interpretations applicable from 1 July 2018

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

– AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).
– AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).
– AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The impact of adopting these standards has resulted in a change in accounting policies (highlighted at (f) below) and no impact on the opening balance sheet as at the date of initial application of the standard.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

e. New Accounting Standards and Interpretations not yet mandatory or early adopted

i. AASB 16: *Leases*

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019.

Impact on operating leases

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The directors anticipate AASB 16 will not have a material impact on the financial statements as the company is not currently party to any significant lease arrangements exceeding 12 months.

ii. Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

f. AASB 9 Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement
Financial liabilities
Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:
- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

f. AASB 9 Financial Instruments (continued)

Financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

f. AASB 9 Financial Instruments (continued)

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derivative financial instruments
The Group enters into various derivative financial instruments (ie foreign exchange forward contracts and interest rate swaps) to manage its exposure to interest rate and foreign exchange rate risks.

Derivative financial instruments are initially and subsequently measured at fair value. All gains and losses subsequent to the initial recognition are recognised in profit or loss.

Impairment
The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:
- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

f. AASB 9 Financial Instruments (continued)

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Group applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

g. AASB 15

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The adoption of AASB 15 did not have a significant impact on the financial performance or position of the company.

h. Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key Estimate – Exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. Refer to accounting policy stated in note 11 Exploration and evaluation assets. The carrying value of capitalised expenditure at reporting date is $18,145,519.

The ultimate recoupment of the value of the exploration and evaluation assets and mine properties is dependent on successful development and commercial exploitation or alternatively, sale, of the underlying mineral exploration properties. The Group undertakes at least on an annual basis a comprehensive review for indicators of impairment of these assets. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of estimation and judgement that are considered in this review include:

- Recent drilling results and reserves and resource estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of underlying assets that may be available;
- Fundamental economic factors such as gold prices, exchange rates and current and anticipated operating costs in the industry; and
- The Group's market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate.

ii. Key Estimate —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 environment impact, the directors believe such treatment is reasonable and appropriate.

iii. Key judgements and estimates – 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 tax authorities in relevant jurisdictions. Refer Note 5 Income Tax.

Note 2 Company details

The registered office of the Company is:

Address:

Street:	Suite 12, 11 Ventnor Avenue, WEST PERTH WA 6005
Postal:	PO Box 1240, WEST PERTH WA 6847
Telephone:	+61 (8) 6245 2050

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 3 Revenue and other income	2019 $	2018 $
a. **Revenue**		
Revenue – disposal of conglomerate gold rights	3,691,174	-
Interest income	84,980	105,479
	3,776,154	105,479

Revenue

Revenues represent revenue generated from external customers. There were no inter-segment revenues in the current period.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or there is a risk of return of goods or there is continuing management involvement with the goods.

All revenue is stated net of the amount of value added taxes.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Note 4 Profit / (loss) before income tax	2019 $	2018 $
The following significant revenue and expense items are relevant in explaining the financial performance:		
a. **Employment costs:**		
■ Directors fees	386,890	306,250
■ Superannuation expenses / (reimbursement)	7,202	8,654
■ Wages and salaries	94,350	65,298
■ Other employment related costs	23,959	-
	512,401	380,202

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 5 Income tax	2019 $	2018 $
a. **Income tax expense / (benefit)**		
Current tax	(2,152,075)	(1,432,420)
Deferred tax	2,152,075	1,432,420
Relating the origination and reversal of temporary differences	(1,858,671)	(3,201,129)
Deferred tax expense (benefit) not recognised	1,856,671	3,201,129
Income tax expense (benefit) rep9orted in income statement	-	-
b. **Reconciliation of income tax expense to prima facie tax payable**		
The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
	(1,242,718)	(2,874,136)
Prima facie tax on operating loss at 30% (2018: 30%)	(372,816)	(862,241)
Add / (Less)		
Tax effect of:		
☐ Non-deductible share-based payments	190,360	189,084
☐ Non-deductible expenses	1,698	1,583
☐ Deferred tax asset not brought to account	180,758	671,574
Income tax expense / (benefit) attributable to operating loss	-	-
	%	%
c. The applicable weighted average effective tax rates attributable to operating profit are as follows	-	-
	$	$
d. Balance of franking account at year end of the legal parent	nil	nil

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 5 Income tax (cont.)	Note	2019 $	2018 $
e. Deferred tax assets			
Tax losses		8,634,670	6,446,151
Plant and equipment		16,408	-
Provisions and accruals		12,801	119,895
Capital raising costs		255,957	166,669
Unrealised foreign exchange		592	-
		8,920,428	6,732,715
Set-off deferred tax liabilities	5f	(2,046,560)	(1,717,517)
Net deferred tax assets		6,873,868	5,015,198
Less deferred tax assets not recognised		(6,873,868)	(5,015,198)
Net tax assets		-	-
f. Deferred tax liabilities			
Exploration expenditure		2,046,560	1,717,517
		2,046,560	1,717,517
g. **Tax losses and deductible temporary differences**			
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised:		28,720,041	21,487,169
		28,720,041	21,487,169

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

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

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

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 5 Income tax (cont.)

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

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

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

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

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

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

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

CALIDUS
RESOURCES LIMITED

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 6 Earnings per share (EPS)	2019 $	2018 $
a. **Reconciliation of earnings to profit or loss**		
(Loss) / profit for the year	(1,242,718)	(2,874,136)
(Loss) / profit used in the calculation of basic and diluted EPS	(1,242,718)	(2,874,136)
	2019 No.	**2018 No.**
b. **Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS**	1,394,677,575	1,054,187,623
	2019 ¢	**2018 ¢**
c. **Earnings per share**		
Basic EPS (cents per share)	(0.09)	(0.27)

d. At the end of the 2019 financial year, the Group has 166,500,000 unissued shares under options (2018: 199,000,000), 12,000,000 performance rights on issue (2018: 12,000,000) and 275,000,000 performance shares on issue (2018: 275,000,000). The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2019 financial year the Group's unissued shares under option and partly-paid shares were anti-dilutive.

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

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 7 Cash and cash equivalents

	Note	2019 $	2018 $
a. **Current**			
Cash at bank		4,145,369	6,142,247
		4,145,369	6,142,247

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23 Financial risk management.

	Note	2019 $	2018 $
b. **Reconciliation of cash**			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
■ Cash and cash equivalents		4,145,369	6,142,247
		4,145,369	6,142,247

c. **Cash Flow Information**

	Note	2019	2018
i. Reconciliation of cash flow from operations to (loss)/profit after income tax			
Loss after income tax		(1,242,718)	(2,874,136)
Cash flows excluded from (loss)/profit attributable to operating activities		-	-
Non-cash flows in (loss)/profit from ordinary activities:			
■ Depreciation and amortisation		60,200	32,587
■ Exploration expenditure expensed		-	676,003
■ Share-based payments	17	634,532	630,282
■ Impairment expense		15,000	53,032
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
■ (Increase)/decrease in receivables		(48,010)	(113,458)
■ (Increase)/decrease in other assets		(2,591,983)	10,078
■ Increase/(decrease) in trade and other payables		669,957	(122,936)
■ Increase/(decrease) in provisions		(239,432)	10,905
Cash flow from operations		(2,742,455)	(1,697,643)

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 7 Cash and cash equivalents (cont)

d. **Credit standby facilities**

The Group has no credit standby facilities.

e. **Non-cash financing activities**

There were no non-cash financing activities during the financial year ended 30 June 2019 or the prior year.

Note 8 Trade and other receivables

	2019 $	2018 $
a. **Current**		
Sundry Debtors	-	2,400
GST Receivable	307,782	299,498
	307,782	301,898

Expected credit losses

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Where applicable, in measuring the expected credit losses, the trade receivables are assessed on a collective basis as they possess shared credit risk characteristics. They are grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for past sales (where applicable) as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst others is considered indicators of no reasonable expectation of recovery.

Note 9 Other assets

	2019 $	2018 $
a. Financial assets – fair value through profit or loss		
Shares in Pacton Gold Inc. - at fair value(i)	1,275,245	-
	1,275,245	-
b. Other assets		
Performance guarantee	24,993	24,993
	24,993	24,993

(i) On 23 October 2018 the Company announced the execution of a definitive agreement with Pacton Gold Inc in relation to the disposal of non-core conglomerate Gold Rights over a portfolio of eight exploration licenses for 7,000,000 shares in Pacton Gold Inc (Pacton) valued at CAD $3.5 million.

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 9 Other assets (continued)

Summary of the Transaction:

- Tenements retained by Calidus, agreement is over right to explore for and mine conglomerate gold, with all shear hosted/basement gold to be retained by Calidus.
- Portfolio of 6 granted exploration licenses and 2 exploration licenses under application (357.5 km2) with mapped conglomerates.
- Pacton liable for rehabilitation and environmental obligations and to spend a minimum of CAD $50,000 in aggregate on all tenements during each 12-month period from commencement of the Gold Rights Agreement;
- Calidus was issued 7,000,000 shares in Pacton following the transfer of the Gold Rights with a deferred consideration of up to 3,000,000 Pacton Gold Shares to be issued if the VWAP over the 30 trading days is C$0.50 or less.

Under the LOI terms, the Company received a non-refundable payment of CDN$10,000 and was issued 7,000,000 common shares of Pacton as consideration for the grant of the Gold Rights upon completion. All of the shares were subject to a 4-month escrow period, with 25% of the shares subject to further voluntary escrow pending grant of the exploration licence applications. Calidus are entitled to the issue of up to 3,000,000 additional common shares in the capital of Pacton during the period 12 months after the date of execution of the definitive agreement dependent on the performance of Pacton's share price.

Note 10 Property, plant, and equipment	2019 $	2018 $
a. **Non-current**		
Motor Vehicles	76,104	76,104
Accumulated depreciation	(40,466)	(15,098)
	35,638	61,006
Computer and Software	44,725	32,575
Accumulated depreciation	(20,746)	(8,080)
	23,979	24,495
Mining equipment	84,696	97,618
Accumulated depreciation	(30,004)	(7,742)
	54,692	89,876
Total plant and equipment	114,309	175,377

b. **Movements in Carrying Amounts**	Motor Vehicles $	Computer and software $	Mining equipment $	Total $
Carrying amount at the beginning of year	61,006	24,495	89,876	175,377
■ Additions	-	12,150	2,079	14,229
■ Disposals	-	-	-	-
■ Impairment	-	-	(15,000)	(15,000)
■ Depreciation expense	(25,368)	(12,666)	(22,263)	(60,297)*
Carrying amount at the end of year	35,638	23,979	54,692	114,309

- *$97 of depreciation for mining equipment has been included in capitalised exploration for the year.*

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 10 Property, plant, and equipment (continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2019 $	2018 $
Plant and equipment	33%-66%	33%-66%
Motor vehicles	33%-66%	33%-66%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount with the impairment loss recognised in the statement of profit or loss and other comprehensive income.

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

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

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 11 Exploration and evaluation assets	2019 $	2018 $
a. **Non-current**		
Exploration expenditure capitalised:		
Exploration and evaluation phase at cost	18,145,519	9,985,029
Net carrying value	18,145,519	9,985,029
b. **Movements in carrying amounts**		
Balance at the beginning of year	9,985,029	2,781,809
Expenditure during the period	8,160,490	7,203,220
Carrying amount at the end of year	18,145,519	9,985,029

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

The Group's exploration properties may be subjected to claim(s) under Native Title (or jurisdictional equivalent), or contain sacred sites, or sites of significance to the indigenous people of Australia.

As a result, exploration properties or areas within the tenement may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum to such claims.

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 11 Trade and other payables	2019 $	2018 $
a. **Current**		
Unsecured		
Trade payables	1,316,700	1,141,171
Accruals(i)	462,119	20,500
Employment related payables	97,792	44,984
	1,876,611	1,206,655

(i) Included is Stamp Duty payable in the amount of $384,206 payable in monthly instalments over a period 6 months from September 2019.

Note 12 Provision	2019 $	2018 $
a. **Current**		
Provision for Stamp Duty	120,096	379,650
Provision for Annual Leave	31,027	10,905
	151,123	390,555

Trade payables and provisions are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

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

Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

Short-term benefits:

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 13 Issued capital

	2019 No.	2018 No.	2019 $	2018 $
Fully paid ordinary shares at no par value	1,578,887,024	1,276,453,495	29,712,417	21,712,043
a. **Ordinary shares**				
At the beginning of the period	1,276,453,495	717,736,035	21,712,043	10,363,420
Shares issued during the year:				
Balance before reverse acquisition	-	-	-	-
■ ESIP Shares issued	17,500,000	-	414,029	-
■ Placement of Alkane Resources	125,000,000	-	3,687,500	-
■ Directors Shares cancelled	(5,000,000)	-	-	-
■ Directors Shares issued	5,000,000	-	-	-
■ Issue of Epminex shares	120,000	-	3,360	-
■ Exercise of options	555,556	-	13,889	-
■ ESIP Shares issued	1,046,025	-	25,000	-
■ Placement to Alkane	80,000,000	-	2,160,000	-
■ Exercise of options	600,000	-	15,000	-
■ Exercise of options	80,000	-	2,000	-
■ Exercise of options	1,110,000	-	27,750	-
■ Exercise of options	32,821,948	-	820,549	-
■ Exercise of options	42,400,000	-	1,060,000	-
■ Underwriting fee	1,200,000	-	30,000	-
■ Issue of Epminex shares	-	30,000	-	720
■ Tranche 1 – Capital raising	-	95,061,415	-	3,897,517
■ Issue of Novo shares	-	20,000,000	-	840,000
■ Issue of Haoma shares	-	37,500,000	-	750,000
■ Tranche 2 – Capital raising	-	148,841,045	-	6,102,483
■ Conversion of performance shares into ordinary shares	-	250,000,000	-	-
■ Exercise of options	-	500,000	-	12,500
■ Exercise of options	-	5,000,000	-	204,543
■ Issue of Gardner shares	-	1,785,000	-	76,755
Transaction costs relating to share issues	-	-	(258,712)	(535,895)
At reporting date	1,578,887,024	1,276,453,495	29,712,407	21,712,043

Terms of Ordinary Shares

Voting Rights

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.

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.

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 14 Issued capital (continued)

	2019 No.	2018 No.	2019 $	2018 $
b. **Options**				
At the beginning of the period	199,000,000	192,500,000	170,855	9,145
Placement to Alkane	70,000,000	-	-	-
Director options cancelled	(3,000,000)	-	-	-
Issue of options to directors/employees	-	-	589,357	190,437
Issue of Performance Rights	-	12,000,000	-	25,816
Options Exercised	(87,500,000)	(5,500,000)	-	(54,543)
At reporting date	178,500,000	199,000,000	760,212	170,855
c. **Performance shares**				
At the beginning of the period	275,000,000	-	-	-
Performance Shares (Milestone 1)	-	-	-	-
Performance Shares (Milestone 2)	-	275,000,000	-	-
At reporting date	275,000,000	275,000,000	-	-
d. **Employee shares**				
At the beginning of the period	17,500,000	-	414,029	-
ESIP issued	9,000,000	17,500,000	45,175	414,029
ESIP converted	(17,500,000)	-	(439,029)	-
At reporting date	9,000,000	17,500,000	20,175	414,029

The Company has 275,000,000 performance shares on issue with the following milestones:

Milestone	Number to be converted No.
Milestone 2: The performance shares will convert into fully paid shares upon the earlier of: • The announcement of a positive pre-feasibility study which demonstrates the project is commercially viable; or • Sale of all or part of the Warrawoona Gold Project for a cash consideration of at least $50,000,000. This must be achieved on or before 5:00pm (WST) on the date, which is 36 months after the issue date.	275,000,000
	275,000,000

No value has been allocated to the performance shares due to the significant uncertainty of meeting the performance milestones which are based on future events.

On 17 July 2019, the Company announced the conversion of 275,000,000 performance rights to fully paid shares in the company upon the achievement of the milestone of a positive pre-feasibility study.

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 14 Issued capital (continued)

e. Capital Management

The Directors' objectives when managing capital are to ensure that the Group can maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the availability of liquid funds in order to meet its short term commitments.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group in respect to its operations, software developments programmes, and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group were as follows:

	Note	2019 $	2018 $
Cash and cash equivalents	7	4,145,369	6,142,247
Trade and other receivables	8	307,782	301,898
Trade and other payables	12	(1,876,611)	(1,206,655)
Working capital position		2,576,540	5,237,490

Note 15 Employee Shares

		2019 $	2018 $
Employee Shares	14d	45,175	414,029
		45,175	414,029

		2019 $	2018 $
a. Employee shares			
Balance at the beginning of the financial year		414,029	-
Equity based payments	14d	45,175	414,029
Conversion of employee shares	14d	(439,029)	-
Balance at the end of the financial year		20,175	414,029

The Employee Shares note records items recognised as expenses on the value of employee shares issued under the Employee Shares Incentive Plan.

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 16 Reserves

	Note	2019 $	2018 $
Option reserve	18a	760,212	170,855
		760,212	170,855

	Note	2019 $	2018 $
a. Options Reserve			
Balance at the beginning of the financial year		170,855	9,145
Equity based payments	19	589,357	216,253
Options exercised		-	(54,543)
Balance at the end of the financial year		760,212	170,855

The option reserve records items recognised as expenses on the value of directors and employee equity issues.

At 30 June 2019 the following options are outstanding:

- 70,000,000 unlisted options exercisable at 3.5 cents expiring on or before 1 November 2019.
- 30,500,000 unlisted options exercisable at 2.5 cents expiring on or before 13 June 2020.
- 50,000,000 unlisted options exercisable at 2 cents expiring on or before 18 April 2021 were issued to the lead manager as detailed in the prospectus dated 5 May 2017.
- 16,000,000 unlisted options exercisable 12 months from issue date at 3 cents expiring on or before 13 June 2020 were issued to key management personnel.

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 17 Share-based payments	Note	2019 $	2018 $
Share-based payment expense	17a.i.(i)	634,532	630,282
Net share-based payment recognised in Profit or Loss		634,532	634,532
Share-based payment expense recognised in exploration and evaluation assets	17a.ii(i)	3,360	1,667,475
Gross share-based transactions		637,892	2,297,757

Equity-settled compensation

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

a. Share-based payment arrangements in effect during the period

i. Share-based payments recognized in profit or loss

i. Employee Securities Incentive Plan – Employee Shares

In consideration for retaining key quality employee of Calidus, the Company has issued 9,000,000 fully paid ordinary shares under the Employee Securities Incentive

Number of Shares	Vesting Date	Issue Price	Holding Lock Period
9,000,000	3 May 2020	$0.03	12 months from issue date

The fair value of the employee shares issued is deemed to represent the value of the employee services received over the vesting period. The employees shares were valued using the Black-Scholes option pricing model, applying the following inputs:

Grant date:	3 May 2019
Grant date share price:	$0.026
Option exercise price:	$0.030
Number of options issued:	9,000,000
Term (years):	15.00
Expected share price volatility:	90.24%
Risk-free interest rate:	1.28%
Value per option	$0.01411

Volatility has been based comparable companies that have gone through a recapitalisation recently.

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 17 Share-based payments (continued)

ii. Director Options

In consideration for acting as director of Calidus, the Company issued 24,000,000 Options during FY 2017 with terms and summaries below:

Number of Options	Date of Expiry	Exercise Price	Vesting Terms
12,000,000	13 June 2020	$0.03	12 months from issue date
12,000,000	13 June 2020	$0.03	24 months from issue date

iii. Employee Securities Incentive Plan – Employee Performance Rights

In consideration for retaining key quality employee of Calidus, the Company issued 12,000,000 Performance Rights during FY 2018 under the Employee Securities Incentive:

Number of Options	Date of Expiry	Exercise Price	Vesting Terms
12,000,000	13 June 2021	$0.41	12 months from issue date

ii. Share-based payments recognised in exploration and evaluation assets

(i) Epminex Shares

On 12 February 2019, the Company issued 120,000 shares at $0.028 per share, valued at $3,360, to Epminex in consideration for the acquisition of the final interest in the exploration licenses 45/4555 and 45/4843.

b. Movement in share-based payment arrangements during the period

A summary of the movements of all company options issued to Directors as share-based payments is as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	19,000,000	$0.03	24,000,000	$0.03
Granted	-	-	-	-
Exercised	-	-	(5,000,000)	$0.03
Expired/cancelled	(3,000,000)	$0.03	-	-
Outstanding at year-end	16,000,000	$0.03	19,000,000	$0.03
Exercisable at year-end	16,000,000	$0.03	19,000,000	$0.03

i. The weighted average exercise price of outstanding options at the end of the reporting period was $0.03.

ii. The fair value of the options granted is deemed to represent the value of the employee services received over the vesting period.

c. Fair value of options grants during the period

No options were issued during the year

d. A summary of the movements of all company options (excluding performance rights) on issue is as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	187,000,000	$0.024	192,500,000	$0.024
Granted	70,000,000	$0.035	-	-
Exercised	(87,500,000)	$0.025	(5,500,000)	$0.03
Expired/cancelled	(3,000,000)	$0.025	-	-
Outstanding at year-end	166,500,000	$0.028	187,000,000	$0.24
Exercisable at year-end	166,500,000	$0.028	187,000,000	$0.24

No options were issued during the year.

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 18 Controlled entities

a. Legal parent entity

Calidus Resources Limited is the ultimate parent of the Group (refer to note 1a.ii).

ii. **Legal subsidiaries**	Country of Incorporation	Class of Shares	Percentage Owned 2019	2018
Keras (Gold) Australia Pty Limited	Australia	Ordinary	100.0	100.0
Keras (Pilbara) Gold Pty Limited	Australia	Ordinary	100.0	100.0

b. Accounting parent entity

Keras (Gold) Australia Pty Limited is the accounting parent of the Group (refer to note 1a.ii).

ii. **Accounting subsidiaries**	Country of Incorporation	Class of Shares	Percentage Controlled 2019	2018
Calidus Resources Limited	Australia	Ordinary	100.0	100.0
Keras (Pilbara) Gold Pty Limited	Australia	Ordinary	100.0	100.0

c. Investments in subsidiaries are accounted for at cost.

Note 19 Key Management Personnel compensation (KMP)

The names are positions of KMP are as follows:

- Mr David Reeves — Managing Director
- Mr Mark Connelly — Non-executive Chairman
- Mr Keith Coughlan — Non-executive Director
- Mr Peter Hepburn-Brown — Non-executive Director *(Deceased 3 September 2018)*
- Mr James Carter — Chief Financial Officers & Co Company Secretary *(Resigned 21 September 2018)*

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration Report.

	2019 $	2018 $
Short-term employee benefits	414,700	383,000
Post-employment benefits	5,700	2,066
Share-based payments	199,546	397,565
Total	619,946	782,631

(i) The comparative information has been reduced by $403,101 from the prior period as Jane Allen is no longer considered a Key Management Person, due to only the Directors themselves have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 20 Related party transactions

	2019 $	2018 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
■ Office Rent - Wilgus Investments Pty Ltd	62,300	60,000
■ Discovery Capital – Corporate Advisory and Capital Raising Fees	170,000	207,585

Refer to the Remuneration Report point 14.8 for further information regarding the terms of the related party transactions.

Note 21 Commitments

	2019 $	2018 $
Exploration expenditure commitments payable:		
Not later than 12 months	565,077	583,675
Between 12 months and five years	1,400,211	1,618,484
Later than five years	2,156,710	2,548,743
Total Exploration tenement minimum expenditure requirements	4,121,998	4,750,902
Operating lease commitments for premises due:		
Not later than 12 months	34,200	34,200
Between 12 months and five years	-	-
Later than five years	-	-
Total operating lease commitments	34,200	34,200

Note 22 Operating segments

For management purposes, the Group's operations are organised into one operating segment domiciled in the same country, which involves the exploration and exploitation of Gold minerals in Australia. All of the Group's activities are inter-related, and discrete financial information is reported to the Managing Director as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the statement of comprehensive income. The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of these financial statements.

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 23 Financial risk management

a. Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2019 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2018 Total $
Financial Assets								
☐ Cash and cash equivalents	4,145,369	-	-	4,145,369	6,142,247	-	-	6,142,247
☐ Trade and other receivables	-	-	307,782	307,782	-	-	301,898	301,898
☐ Financial assets	-	-	1,275,245	1,275,245	-	-	-	-
Total Financial Assets	4,145,369	-	1,583,027	5,728,396	6,142,247	-	301,898	6,444,145
Financial Liabilities								
Financial liabilities at amortised cost								
☐ Trade and other payables	-	-	1,876,611	1,876,611	-	-	1,206,655	1,206,655
☐ Short-term financial liabilities	-	-	-	-	-	-	-	-
☐ Long-term financial liabilities	-	-	-	-	-	-	-	-
Total Financial Liabilities	-	-	1,876,611	1,876,611	-	-	1,206,655	1,206,655
Net Financial Assets/(Liabilities)	4,145,369	-	(293,584)	3,851,785	6,142,247	-	(904,757)	5,237,490

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 23 Financial risk management (cont.)

b. Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

ii. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

- *Credit risk exposures*

  The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

  Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

- *Impairment losses*

  The ageing of the Group's trade and other receivables at reporting date was as follows:

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 23 Financial risk management (cont.)

	Gross 2019 $	Impaired 2019 $	Net 2019 $	Past due but not impaired 2019 $
Trade receivables				
Not past due	-	-	-	-
Past due up to 15 days	-	-	-	-
Past due 15 days to 3 months	-	-	-	-
Past due over 3 months	-	-	-	-
Less intra-Group balances	-	-	-	-
	-	-	-	-
Other receivables				
Not past due	307,782	-	307,782	-
Total	307,782	-	307,782	-

iii. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group.

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

Typically the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 23 Financial risk management (cont.)

Other than the trust account insurer liabilities, the financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

- *Contractual Maturities*

The following are the contractual maturities of financial liabilities of the Group:

	Within 1 Year		Greater Than 1 Year		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Financial liabilities due for payment						
Trade and other payables	1,876,611	1,206,655	-	-	1,876,611	1,206,655
Borrowings	-	-	-	-	-	-
Total contractual outflows	1,876,611	1,206,655	-	-	1,876,611	1,206,655
Financial assets						
Cash and cash equivalents	4,145,369	6,142,247	-	-	4,145,369	6,142,247
Trade and other receivables	307,782	301,898	-	-	307,782	301,898
Financial assets	1,275,245	-	-	-	1,275,245	-
Total anticipated inflows	5,728,396	6,444,145	-	-	5,728,396	6,444,145
Net (outflow)/inflow on financial instruments	3,851,785	5,237,490	-	-	3,851,785	5,237,490

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

iv. 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.

The Board meets on a regular basis and considers the Group's interest rate risk.

(1) ***Interest rate risk***

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

(2) ***Foreign exchange risk***

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group has no material exposure to foreign exchange risk.

(3) ***Price risk***

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group holds a material amount (Pacton Gold Inc shares) subject to price risk.

Notes to the consolidated financial statements
for the period ended 30 June 2019

Note 23 Financial risk management (cont.)

v. Sensitivity Analyses

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

(1) ***Interest rates***	Profit $	Equity $
Year ended 30 June 2019		
±50 basis points change in interest rates	± 22,707	± 22,707
Year ended 30 June 2018		
±50 basis points change in interest rates	± 30,711	± 30,711

(2) ***Price***	Profit $	Equity $
Year ended 30 June 2019		
±10% change in market price of shares	± 127,245	± 127,245
Year ended 30 June 2018		
±10% change in market price of shares	± -	± -

vi. Net Fair Values

(1) ***Fair value estimation***

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The Pacton Gold Inc shares valued at $1,275,245 are measured under level 1 in the fair value hierarchy. Cash and cash equivalents, trade and other receivables, trade creditors, other creditors and employee entitlements have been excluded from the above analysis as their fair values are equal to their carrying values.

Note 24 Events subsequent to reporting date

On 15 August 2019 the Company successfully completed a $9M placement to institutional investors. Together with existing cash reserves this placement ensures that Calidus is well funded to:

- Undertake an extensive resource drilling programme (infill and extensional) to expand the current resource base and increase its confidence;
- Complete an aggressive regional exploration programme testing high priority exploration targets;
- Complete a definitive feasibility study;

  A pre-Feasibility was completed post year end and details Warrawoona as a 100,000 oz pa producer:

  - **Maiden Reserve** of 8.9Mt @ 1.5g/t for 418koz
  - 100,000 oz pa producer for an initial 6 years, plans to expand for feasibility study
  - All-In Sustaining Costs (ASIC) of **$1,159/oz** for Life of Mine costs from production start
  - NPV (pre-tax 8%) **$234m** and **IRR 56%** based on **A$2,000/oz**
  - NPV (post-tax 8%) **$168m** and **IRR 47%** based on **A$2,000/oz**
  - Gold trading **plus $2,200/oz** post release of PFS
  - Payback **26 months** from production start based on a **A$1,800/oz** study gold price
  - Payback **19 months** from production start based on a **A$2,000/oz spot** price
  - Capital cost of $95m including contingency

Post year end, Calidus was pleased to announce the successful Placement of $9M to institutional investors. The Placement received strong support from new and existing institutional investors for the continued advance of the flagship Warrawoona Gold Project.

There are no other material events subsequent to reporting date.

Note 25 Contingent liabilities

a. Royalties

Keras Gold has obligation to pay royalties, based on minerals produced, pursuant to the acquisition agreement for Arcadia Minerals Pty Ltd (now Keras (Pilbara) Gold Pty Ltd). The royalties will only become due and payable when and if mining commences.

Under part of tenements acquired from Haoma Mining NL (see ASX Announcement 6 November 2017 Commencement of NOVO JV and exercise of Haoma Option) there is obligation to pay a 1.25% royalty of profit (after all expenses including development costs and capital costs) of a producing mine on the tenements acquired from Haoma. Details of this royalty are disclosed in the Section 8 of the Company's prospectus dated 8 May 2017.

On 6 November 2017 the Company announced that it had commenced the NOVO JV. Calidus may earn a 70% interest in the Novo tenements by spending $2 million on the tenements over the next 3 years (Expenditure Commitment). At the completion of the Expenditure Commitment, each party will be subject to a fund or dilute obligation in the respective proportions on the Novo Tenements with any interest diluting below 10% converting to a 1% net smelter royalty.

Note 26 Auditor's remuneration

	2019 $	2018 $
Remuneration of the auditor of the company for:		
Auditing or reviewing the financial reports	35,800	45,666
Other services provided by a related practice of the auditor	-	-
	35,800	45,666

Notes to the consolidated financial statements

for the period ended 30 June 2019

Note 27 Parent entity disclosures

The following information has been executed from the books and records of the legal parent Calidus Resources Limited have been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in Note 1.

	June 2019 $	June 2018 $
a. Financial Position of Calidus Resources Limited (legal parent)		
Current assets	21,604,674	17,307,652
Non-current assets	1,745	-
Total assets	21,606,419	17,307,652
Current liabilities	706,593	544,746
Non-current assets	-	-
Total liabilities	706,593	544,746
Net assets	20,899,826	16,762,906
Equity		
Issued capital	53,444,699	45,470,811
Options reserve	760,212	1,678,979
Employee shares	20,175	414,029
Accumulated losses	(33,325,260)	(30,800,913)
Total equity	20,899,826	16,762,906
b. Financial performance of Calidus Resources Limited		
Profit / (loss) for the year	(2,524,347)	(2,270,692)
Other comprehensive income	-	-
Total comprehensive income	(2,524,347)	(2,270,692)

c. Guarantees entered into by Calidus Resources Limited for the debts of its subsidiaries

There are no guarantees entered into by Calidus Resources Limited for the debts of its subsidiaries as at 30 June 2019 (2018: none).

d. Comparatives

The financial position of Calidus Resources Limited is as at 30 June 2019 for the current year and 30 June 2018 for the comparative year.

The financial performance of Calidus Resources Limited is for the period between 1 July 2018 to 30 June 2019 and for the comparative period between 1 July 2017 to 30 June 2018.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Calidus Resources Limited (the 'Company'):
   a. the financial statements, notes and the additional disclosures are in accordance with the *Corporations Act 2001* including:
      I. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
   b. 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
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after reviewing the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

MARK CONNELLY
Non-executive Chairman
Dated this Wednesday, 25 September 2019

MOORE STEPHENS

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000
PO Box 5785, St Georges Terrace,
WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CALIDUS RESOURCES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

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

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

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

Share Based Payments – Remuneration Refer to Note 17 Share Based Payments & Remuneration Report	
During the year ended 30 June 2019, the Group transacted with Key Management Personnel and other parties via the award of share-based remuneration payments (SBP) amounting to $634,532 in the form of equity settled share-based payments. The value of the SBP is a key audit matter due to it being a key material transaction with members of key management and other personnel, the valuation of which involves significant judgement and accounting estimation. We therefore identified such expenses as a key area of focus.	Our procedures included, amongst others: • Enquiring and obtaining confirmations from Key Management Personnel regarding their SBP remuneration during the period. • Reviewing minutes of directors and shareholder meetings and ASX announcements relating to the approval of such arrangements undertaken during the financial and prior years. • Reviewing remuneration documents & assessing the valuation methodology used by management to estimate the fair value of SBP, including testing the integrity of information provided assessing the appropriateness of the key assumptions input into the valuation model and recalculating the valuation using the Black Scholes Model. • Assessing whether the SBP have been appropriately classified and accounted for in the financial statements. We also assessed the adequacy of other related disclosures in the financial statements.
Accounting for Exploration & Evaluation Assets **Refer to Note 11 Exploration & Evaluation Assets**	
At 30 June 2019, the Group's statement of financial position includes capitalised exploration and evaluation assets of approximately $18.145 million, representing the Group's single largest asset or 76% of total assets. The ability to recognise and to continue to defer exploration and evaluation assets under AASB 6: *Exploration for and Evaluation of Mineral Resource* is impacted by the Group's ability, and intention, to continue to explore the tenements or its ability to realise this value through development or sale. Due to the significance of these assets and the subjectivity involved in assessing the ability to continue to defer these assets, this is considered a key audit matter.	Our procedures included, amongst others: We addressed the Group's assessment of the ability to continue to defer the exploration and evaluation assets under AASB 6 by specifically ensuring that: • the Group has the ongoing right to explore in the relevant exploration areas of interests which included obtaining and assessing relevant documentation such as tenement registers (via Department of Mines WA) & other agreements; • Tested a sample of exploration & evaluation expenditures capitalised during the year to supporting documentation; • the Group is committed to continue exploration and evaluation activity in the relevant exploration areas of interest including assessing their exploration expenditures that have been either budgeted for and discussions with management as to the intentions and strategy of the Group and review of ASX announcements including their Pre-Feasibility Study Report (PFS) for the Warrawoona Gold Project. • Assessing the carrying value of these assets for any indicators of impairment (set out in AASB 6) including comparing against the Company's market capitalisation at balance date and PFS valuation. We also assessed the appropriateness of the disclosures contained in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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, international omissions, misrepresentation, 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 Group'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 Group'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 Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

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

Responsibilities

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

S TAN	MOORE STEPHENS
PARTNER	CHARTERED ACCOUNTANTS

Signed at Perth on the 25 day of September 2019

Additional ASX Information as at 4 September 2019

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. As at 4 September 2019 there were 3,121 holders of Ordinary Fully Paid Shares.

Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Listed Options, Unlisted Options and Performance Shares**: Options and performance shares do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.

20 Largest Shareholders — Ordinary Shares as at as at 4 September 2019

Rank	Name	Number of Ordinary Fully Paid Shares	% Held of Ordinary Issued Capital
1	KERAS RESOURCES PLC	723,750,000	33.72%
2	ALKANE RESOURCES LTD	278,947,534	13.00%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	72,990,046	3.40%
4	BEATONS CREEK GOLD PTY LTD	56,585,366	2.64%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	50,753,339	2.36%
6	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	47,616,255	2.22%
7	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	37,255,016	1.74%
8	CITICORP NOMINEES PTY LIMITED	26,298,905	1.23%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	23,000,000	1.07%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	20,250,768	0.94%
11	MR STACEY RADFORD	19,942,000	0.93%
12	MRS ELEANOR JEAN REEVES <ELANWI A/C>	19,757,903	0.92%
13	MR PHILLIP RICHARD PERRY	19,417,613	0.90%
14	PERSHING AUSTRALIA NOMINEES PTY LTD <INDIAN OCEAN A/C>	19,103,437	0.89%
15	DISCOVERY SERVICES PTY LTD <DISCOVERY CAPT INV UNIT A/C>	17,375,000	0.81%
16	MR SIMON PATRICK BOWMAN	13,750,000	0.64%
17	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	13,374,258	0.62%
18	BAINPRO NOMINEES PTY LIMITED	13,006,000	0.61%
19	BUZZ CAPITAL PTY LTD <ZI VESTMENT A/C>	11,500,000	0.54%
20	SUNSET TIDAL PTY LTD <SUNSET TIDAL INVESTMENT A/C>	11,000,000	0.51%
	Total	**1,495,673,440**	**69.69%**

Substantial Ordinary Shareholders as at 4 September 2019

Name	Number of Ordinary Fully Paid Shares Held	% Held of Ordinary Issued Capital
KERAS RESOURCES PLC	723,750,000	33.72%
ALKANE RESOURCES LTD	278,947,534	13.00%

Distribution of Ordinary Shareholders as at 4 September 2019

Holding Range	Holders	Total Units	% Issued Ordinary Capital
1 – 1,000	96	20,604	0.00%
1,001 – 5,000	40	87,061	0.00%
5,001 – 10,000	15	130,287	0.01%
10,001 – 100,000	832	41,105,138	1.92%
100,001 – and over	823	2,104,793,934	98.07%
	1,806	**2,146,137,024**	**100.00%**

Unmarketable Parcels – as at 4 September 2019 there were 77 holders with less than a marketable parcel of shares.

On-Market Buy-Back

There is no current on-market buy-back.

Restricted Securities

As at 4 September 2019 the following securities are subject to escrow:

- 30,500,000 unquoted options exercisable at $0.02 each escrowed for a period of 24 months from quotation
- 48,000,000 unquoted options exercisable at $0.02 each escrowed for a period of 24 months from quotation
- 16,000,000 unquoted options exercisable at $0.03 each escrowed for a period of 24 months from quotation

Unquoted Securities

As at 4 September 2019 the following unquoted securities are on issue:

275,000,000[1] Performance Shares escrowed – 1 Holder

Holders with more than 20%

Holder Name	Holding	%
KERAS RESOURCES PLC	275,000,000	100.00%

16,000,000 Options Expiring 9 June 2020 @ $0.03 escrowed for a period of 24 months from quotation – 4 Holders

Holders with more than 20%

Holder Name	Holding	%
MR ADAM MIETHKE	6,000,000	31.58%
ELEANOR JEAN REEVES <THE ELANWI A/C>	5,000,000	26.32%
INSWINGER HOLDINGS PTY LTD <CMSS SUPER FUND A/C>	5,000,000	26.32%

30,500,000 Options Expiring 9 June 2020 @ $0.025 escrowed for a period of 12 months from quotation – 27 Holders

There are no holders with more than 20%

[1] Details on the performance conditions surrounding the Performance Shares are contained within Note 16c Issued Capital.

48,000,000 Options Expiring 18 April 2021 @ $0.02 escrowed for a period of 24 months from quotation – 11 Holders

Holders with more than 20%

Holder Name	Holding	%IC
ATTOLLO INVESTMETNS PTY LTD <ATTOLLO INVESTMENT A/C>	10,000,000	20.00%
BUZZ CAPITAL PTY LTD < ZI VESTMENT A/C >	10,000,000	20.00%
SUNSET TIDAL PTY LTD	10,000,000	20.00%
ROMFAL SIFAT PTY LTD<THE FIZMAIL FAMILY A/C>	10,000,000	20.00%

70,000,000 Options Expiring 1 November 2019 @$0.035

Holders with more than 20%

Holder Name	Holding	%
ALKANE RESOURCES LTD	70,000,000	100.00%

26,500,000 Options Expiring 13 June 2020 @$0.025 – 25 Holders

There are no holders with more than 20%.

ASX Listing Rule 4.10.19

The Company has used its cash and net assets in a form readily convertible to cash in hand at the time of reinstatement of the Company's securities to quotation in a way consistent with its business objectives.

108 Outram Street
West Perth WA 6005
AUSTRALIA

T: +61 8 9486 7244
F: +61 8 9463 6373

calidus.com.au

CALIDUS RESOURCES LIMITED