



ABN 63 149 105 653

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED

30 June 2020

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Directors & Officers

Mark Johnson AO - Chairman
Stephen Baghdadi – Chief Executive Officer
Greg Hall - Non-Executive Director
Tony Ferguson - Non-Executive Director
John Smith - Company Secretary

Registered Office

Level 29
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Sydney NSW 2000

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South Hurstville NSW 2221

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E-mail: info@datelineresources.com.au
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Securities Exchange

Australian Securities Exchange Limited ("ASX")
Home Exchange – Sydney
ASX Symbol – DTR (ordinary shares)

Australian Company Number

ACN 149 105 653

Australian Business Number

ABN 63 149 105 653

Bankers

Commonwealth Bank of Australia
48 Martin Place
Sydney NSW 2000
Website: www.commbank.com.au

Auditors

HLB Mann Judd Assurance (NSW) Pty Ltd
Level 19, 207 Kent Street
Sydney NSW 2000
Website: www.hlb.com.au

Share Registry

Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Website: www.securitytransfer.com.au

Solicitors

K & L Gates
Level 31, 1 O'Connell Street
Sydney NSW 2000
Website: www.klgates.com

Domicile and Country of Incorporation

Australia

The Company's Corporate Governance Statement can be found on the Company's website
www.datelineresources.com.au

The Directors submit their report on the consolidated entity ("the Group"), which consists of Dateline Resources Limited (the "Company" or "Dateline") and the entities it controlled during the financial year ended 30 June 2020.

1. INFORMATION ON DIRECTORS

The names and details of the Group's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Mr Mark Johnson AO

Non-Executive Chairman (Appointed 22 April 2013)

LLB MBA (Harvard)

Mr Johnson has worked in banking and corporate finance for more than forty years. He retired as Deputy Chairman of Macquarie Bank in mid-2007 and now divides his time between work in the private and public sectors.

Mr Johnson is a senior adviser to Gresham Partners, Chairman of Alinta Energy Ltd, and from 2002 to 2013 one of the three Australian members of the APEC Business Advisory Council (ABAC).

During the past three years, Mr Johnson held the following directorships in other ASX listed companies:

- Independent Director of Westfield Group (resigned June 2018)
- Independent Director of OneMarket Limited (appointed May 2018)

Stephen Baghdadi

Managing Director and CEO (Appointed 3 July 2014)

Since 1993 Mr. Baghdadi has acted as an executive director for numerous ASX listed companies including the Horizon group of companies, Afro-West, Alamain Investments, Marino as well as privately held controlling interests in manufacturing, software development and property concerns. Mr. Baghdadi has completed several transactions in Australia, South East Asia, Europe and North America and brings to the table the ability to identify an undervalued asset or opportunity that has the potential to yield high returns

During the past three years, Mr Baghdadi held the following directorships in other ASX listed companies:

- Executive Director of Southern Cross Explorations N.L. (current).

Mr Gregory Hall

Non-Executive Director (Appointed 19 January 2015)

B. Applied Geology (1st Class Honours)

Mr Hall is an exploration geologist with over 40 years of international experience. From 1988-2005, he was employed by the Placer Dome group of companies, serving as Chief Geologist -World Wide during the last five years he was there.

Placer Dome was later acquired by Barrick Gold Corporation in early 2006.

Over the course of his career, Mr. Hall had a senior role in the discoveries of both Gold Field's Granny Smith mine and Rio Tinto's Yandi iron ore mine. In addition, he took part in the discoveries of Keringal and Wallaby in Australia's Eastern Goldfields, as well as the definition of AngloGold Ashanti's Sunrise gold mine.

During the past three years, Mr Hall held the following directorships in other ASX listed companies:

- Non-Executive Director of Namibian Copper NL (current);
- Non-Executive Director of Zeus Resources Limited (current).

Mr Anthony Ferguson
Non-Executive Director (Appointed 29 August 2019)
MBA (Dist), B.Sc, B.E (Hons)

Mr Ferguson is an investor, entrepreneur and an investment banker.

The majority of Mr. Ferguson's career was with Macquarie Group where he established and led the natural resources team that advised on many major transactions in the mining industry. He established Macquarie's presence in Canada, headed Macquarie's Asian investment banking operations, established and led the Asia Resources Fund. Mr. Ferguson's career included three years as Managing Director and Head of Investment Banking at Rothschild Australia and a Global Partner of Rothschild Investment Bank.

Before commencing his investment banking career Tony practiced as an engineer and worked at Rio Tinto's Woodlawn Mine.

During the past three years, Mr Ferguson held the following directorships in other ASX listed companies: NIL

2. INFORMATION ON COMPANY SECRETARY

Mr John Smith
(Appointed 24 October 2013)
B. Com, MBA, FCPA

Mr Smith is a Certified Practising Accountant with over 30 years experience as CFO and Company Secretary of ASX listed and unlisted companies.

3. DIRECTORS' SHAREHOLDINGS

The following table sets out each current Director's relevant interest in shares and rights or options to acquire shares of the Company as at the date of this report.

| Directors | Fully Paid Ordinary Shares | Unlisted Share Options |
|------------------|-----------------------------------|-------------------------------|
| Mark Johnson | 1,597,434,637 | - |
| Stephen Baghdadi | 81,806,666 | - |
| Gregory Hall | 52,499,887 | - |
| Tony Ferguson | 175,000,000 | - |
| | 1,906,741,190 | - |

4. DIRECTORS' MEETINGS

| Directors | Number Eligible to Attend | Number Attended |
|------------------|----------------------------------|------------------------|
| Mark Johnson | 9 | 9 |
| Stephen Baghdadi | 9 | 9 |
| Gregory Hall | 9 | 9 |
| Tony Ferguson | 8 | 8 |

Functions normally assigned to an Audit Committee and Remuneration Committee are undertaken by the full Board.

5. DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the financial year.

6. PRINCIPAL ACTIVITIES

The Group is an Australian-based company focused on gold mining and exploration targets in Colorado, United States of America. The company also has exploration projects in the Republic of Fiji.

7. OPERATING AND FINANCIAL REVIEW

(a) Operations

Dateline seeks to create value for shareholders, through exploration activities which develop and quantify resource assets. Once an asset has been developed and quantified within the framework of the JORC guidelines the Group may elect to move to production, to extract and refine ore which is then sold as a primary product.

The Group has spent the past two years consolidating ownership of several historic gold mines in the Gold Brick district of Gunnison County Colorado.

Tenement Schedule

| Project | Description / Number | Ownership | Location |
|--|----------------------|-----------|--------------|
| Gold Links Permitted Mine | 39 Patented Claims | 100% | Colorado USA |
| Gold Links Permitted Mine | 20 Unpatented Claims | 100% | Colorado USA |
| Lucky Strike Permitted Mine & Mineral Hill Historic Mine | 19 Patented Claims | 100% | Colorado USA |
| Lucky Strike Permitted Mine & Mineral Hill Historic Mine | 13 Patented Claims | 100% | Colorado USA |
| Udu | SPL1387 | 100% | Fiji |
| Udu | SPL1396 | 100% | Fiji |

The Group has undertaken a major development, exploration and acquisition program in Colorado that included ~1000ft decline and over 10,000ft of diamond drilling plus the recommissioning of the Lucky Strike Mill and the sale of our first concentrate produced from commissioning ore.

Assays from the drill core confirmed the existence of high-grade shoots of ore. This was a key driver in deciding to acquire additional ground in the region. The Group has progressed from having a single lease over ~400 acres to owning ~1700 acres of freehold and all the underlying mineral rights. It is the first time in the regions history that a single entity has been able to consolidate the majority of the land that makes up what is referred to as the Gold Brick district in Gunnison Colorado.

In the process of acquiring the assets, the Group was able to extinguish USD20,000,000 of near term and contingent liabilities and retain outright ownership of all the assets.

As a result of the consolidation, the Group is now able to apply an understanding of the regional geology to implement targeted exploration programs that aim to prove up a JORC compliant resource.

(b) Financial Performance & Financial Position

The financial results of the Group for the year ended 30 June 2020 and 2019 are:

| | 30-Jun-20 | 30-Jun-19 | % Change |
|----------------------------------|-------------|-------------|-------------|
| Cash & Cash equivalents (\$) | 158,362 | 4,816,924 | -96.7% |
| Net Assets (\$) | 16,560,346 | 20,268,735 | -18.3% |
| Revenue (\$) | 38,972 | 67,761 | -42.5% |
| Net Profit (Loss) After Tax (\$) | (3,841,916) | (3,204,281) | -19.9% |
| Profit/(Loss) per Share (Cents) | (0.0470) | (0.0992) | 52.7% |
| Dividend (\$) | - | - | - |

(c) Business Strategies and Prospects for future financial years

The Group actively evaluates the prospects of each project as results from each program become available, these results are available via the ASX platform for shareholders information. The Group then assesses the continued exploration expenditure and further asset development. The Group will continue the evaluation and development of its existing mineral projects.

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

(i) Operating Risks

The operations of the Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(ii) Environmental Risks

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

(iii) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's exploration, development and production activities, as well as on its ability to fund those activities.

(iv) Market conditions

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

- i. general economic outlook;
- ii. introduction of tax reform or other new legislation;
- iii. interest rates and inflation rates;
- iv. Commodity prices;
- v. changes in investor sentiment toward particular market sectors;
- vi. the demand for, and supply of, capital; and
- vii. terrorism or other hostilities.

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

(v) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income, the Company will require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2020.

9. AFTER BALANCE SHEET DATE EVENTS

The impact of COVID-19 pandemic is ongoing. Management is closely monitoring the evolution of this pandemic and the response of the governments, particularly restrictions in place to contain this virus and how this will impact the Group and the economy, as a whole.

The Group has continued to operate in accordance with its plans up to the date of this report and management believes it will continue to do so even though the extent of the impact COVID-19 may have on its future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated at the date these financial statements were issued.

No other matter or event has arisen since 30 June 2020 that would be likely to materially affect the operations of the Group, or the state of affairs of the Company not otherwise as disclosed in the Group's financial report.

10. ENVIRONMENTAL ISSUES

The Group needs to comply with environmental regulations at the sites where it has exploration activities. The Board is not aware of any breach of environmental requirements as they apply to the Group.

11. REMUNERATION REPORT (Audited)

The Board of Dateline Resources Limited is responsible for determining and reviewing the remuneration of the Directors of the Company, within parameters approved by shareholders. No performance hurdles have been imposed so far, due to the size of the Group and the structure of the remuneration in respect of the non-executive Directors. Remuneration is not related to the company's financial performance. Accounting and administration services were provided by consultants at reasonable commercial rates.

The Company's Key Management Personnel comprise all of the Directors and the Company Secretary. Company Secretarial services were provided by Mr. J Smith.

Remuneration of executives and consultants, whenever appointed, is determined by market conditions and is not linked to the Group's performance. There are no service agreements in place relating to Directors' fees paid. No equity based payments or other benefits were paid to Directors or consultants during the year under review; no shares or options were issued by way of remuneration.

| Directors | Position | Duration of Appointment |
|------------------|------------------------|---------------------------|
| Mark Johnson | Non-Executive Chairman | Appointed 22 April 2013 |
| Stephen Baghdadi | Managing Director | Appointed 4 July 2014 |
| Gregory Hall | Non-Executive Director | Appointed 19 January 2015 |
| Tony Ferguson | Non Executive Director | Appointed 29 August 2019 |

Details of remuneration of the KMP of Dateline Resources Limited are shown below:

| | Position | 2020 \$ | 2019 \$ |
|-------------|-------------------|----------------|----------------|
| Mr Johnson | Director | - | - |
| Mr Johnson | Consultant | - | - |
| Mr Baghdadi | Director | - | - |
| Mr Baghdadi | Consultant | 375,000 | 60,000 |
| Mr Hall | Director | - | - |
| Mr Hall | Consultant | - | - |
| Mr Ferguson | Director | - | - |
| Mr Ferguson | Consultant | - | - |
| Mr Dovaston | Director | - | - |
| Mr Dovaston | Consultant | - | 100,000 |
| Mr Smith | Company Secretary | 66,000 | 66,000 |
| | Total | <u>441,000</u> | <u>226,000</u> |

None of the current Directors have received Director's fees from the Company since their appointment.

Dateline Resources Limited, as an ASX listed company, has produced the Remuneration Report in accordance with Section 300A of the Corporations Act 2001.

Key management personnel holdings

(i) Option holdings of Key Management Personnel

There are no options held by key management personnel.

(ii) Shareholdings

Details of shares held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2020 are set out below:

| Company Directors and Related Parties | Opening Balance | Received as Remuneration | Exercise of Options | Net Change Other | Closing Balance |
|--|------------------------|---------------------------------|----------------------------|-------------------------|------------------------|
| Mr Johnson | 1,597,434,637 | - | - | - | 1,597,434,637 |
| Mr Baghdadi | 81,806,866 | - | - | - | 81,806,866 |
| Mr Hall | 52,499,887 | - | - | - | 52,499,887 |
| Mr Ferguson | - | - | - | 175,000,000 | 175,000,000 |
| | <u>1,731,741,390</u> | <u>-</u> | <u>-</u> | <u>175,000,000</u> | <u>1,906,741,390</u> |

Details of shares held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2019 are set out below:

| Company Directors and Related Parties | Opening Balance | Received as Remuneration | Exercise of Options | Net Change Other | Closing Balance |
|--|------------------------|---------------------------------|----------------------------|-------------------------|------------------------|
| Mr Johnson | 75,103,427 | - | - | 1,522,331,210 | 1,597,434,637 |
| Mr Baghdadi | 618,806 | - | - | 81,188,060 | 81,806,866 |
| Mr Hall | 9,999,887 | - | - | 42,500,000 | 52,499,887 |
| | <u>85,722,120</u> | <u>-</u> | <u>-</u> | <u>1,646,019,270</u> | <u>1,731,741,390</u> |

The adoption of the Remuneration Report for the financial year ended 30 June 2019 was put to the shareholders of the Company at the Annual General Meeting held on 14 November 2019. The resolution was passed by a poll of shareholders without amendment. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of remuneration report.

12. OPTIONS

At the date of this report, there were 10,000,000 unlisted options as depicted below:

| | Exercise | |
|------------|----------|-------------|
| Number | Price | Expiry Date |
| 10,000,000 | \$0.0250 | 31 Dec 2020 |

35,000,000 options with an exercise price of \$0.0398 expired on 31 October, 2019.

13. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

14. INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year no premium was paid to insure Directors against claims while acting as a Director. No indemnity has been granted to the Auditor of the Company.

15. NON-AUDIT SERVICES

There were no non-audit services provided by the Group's auditors during the financial year.

16. EXTENSION OF ENGAGEMENT APPOINTMENT OF AUDIT PARTNER

In accordance with section 214DAA of the Corporations Act 2001 ("the Act") the Board of Dateline Resources Limited has granted approval for Mr M D Muller of HLB Mann Judd to play a significant role in the audit of Dateline Resources Limited for up to an additional two successive financial years to 30 June 2022.

Approval has been granted as the Dateline Resources Limited Board is satisfied that retaining HLB Mann Judd will maintain the quality of the audit provided to the company, and will not give rise to a conflict of interest situation (as defined in section 324CD of the Act). Reasons supporting this decision include:

- Dateline Resources Limited will retain the right to reassess the appointment at any time;
- HLB Mann Judd has experienced and appropriately qualified staff and registered auditors available to undertake the audit of Dateline Resources Limited;
- HLB Mann Judd does not provide any services to Dateline Resources Limited other than audit and tax compliance services;
- The existing independence and service metrics put in place by HLB Mann Judd and Dateline Resources Limited are sufficient to ensure that auditor independence will not be diminished by such an extension.

17. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the financial year ended 30 June 2020 has been received and can be found on page 11.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



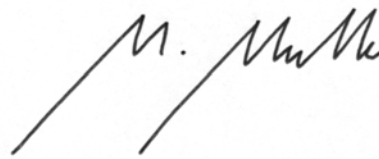
Mr Mark Johnson
Non-Executive Chairman
30 October 2020

To the directors of Dateline Resources Limited:

As lead auditor for the audit of the consolidated financial report of Dateline Resources Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Dateline Resources Limited and the entities it controlled during the period.



**Sydney, NSW
30 October 2020**

**M D Muller
Director**

hlb.com.au

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215

Level 19, 207 Kent Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 **F:** +61 (0)2 9020 4190 **E:** mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

DATELINE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|---|------|---------------------------|---------------------------|
| | | \$ | \$ |
| Continuing operations | | | |
| Interest income | | 18,490 | 1,676 |
| Revenue from operations | 4 | 5,629 | 66,085 |
| Other income | 5 | 14,853 | - |
| Unrealised exchange gain/(loss) | | (73,323) | 289,372 |
| Interest expense | | (771,189) | (1,117,511) |
| Employee costs | | (308,537) | (67,980) |
| Mining and exploration expenses | | (554,989) | (297,141) |
| Depreciation expense | | (400,612) | - |
| Administration expenses | 6 | <u>(1,772,238)</u> | <u>(2,078,782)</u> |
| Profit/(Loss) from continuing operations before income tax | | (3,841,916) | (3,204,281) |
| Income tax expense | 7 | <u>-</u> | <u>-</u> |
| Profit/(loss) from continuing operations after income tax | | (3,841,916) | (3,204,281) |
| Other comprehensive profit/(loss) | | | |
| Items that be reclassified subsequently to profit or loss: | | | |
| Foreign Currency Translation Reserve | | <u>(15,721)</u> | <u>(595,338)</u> |
| Total comprehensive profit/(loss) for the period | | <u>(3,857,637)</u> | <u>(3,799,619)</u> |
| Profit/(loss) for the year is attributable to: | | | |
| Owners of the Company | | <u>(3,841,916)</u> | <u>(3,204,281)</u> |
| | | <u>(3,841,916)</u> | <u>(3,204,281)</u> |
| Total comprehensive profit/(loss) for the year attributable to: | | | |
| Owners of the Company | | <u>(3,857,637)</u> | <u>(3,799,619)</u> |
| | | <u>(3,857,637)</u> | <u>(3,799,619)</u> |
| | | <u>Cents</u> | <u>Cents</u> |
| Profit/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company: | | | |
| Basic and diluted profit/(loss) per share – cents per share | 17 | (0.05) | (0.10) |

This Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes

DATELINE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | Note | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|---|-------|---------------------|---------------------|
| | | \$ | \$ |
| Current Assets | | | |
| Cash & cash equivalents | 8 | 158,362 | 4,816,924 |
| Trade & other receivables | 9 | 26,320 | 208,635 |
| Financial assets | 10 | 185,163 | 11,970 |
| Total Current Assets | | <u>369,845</u> | <u>5,037,529</u> |
| Non-Current Assets | | | |
| Plant & equipment land & buildings | 11 | 16,694,316 | 15,855,709 |
| Exploration & evaluation expenditure | 12 | 8,357,959 | 7,035,316 |
| Total Non-Current Assets | | <u>25,052,275</u> | <u>22,891,025</u> |
| TOTAL ASSETS | | <u>25,422,120</u> | <u>27,928,554</u> |
| Current Liabilities | | | |
| Trade & other payables | 13 | 338,432 | 338,658 |
| Loans from related parties | 14 | 1,107,089 | 2,228,591 |
| Total Current Liabilities | | <u>1,445,521</u> | <u>2,567,249</u> |
| Non Current Liabilities | | | |
| Trade & other payables | 13 | 5,959,526 | 5,092,570 |
| Loans from related parties | 14 | 1,456,727 | - |
| Total Non-Current Liabilities | | <u>7,416,253</u> | <u>5,092,570</u> |
| TOTAL LIABILITIES | | <u>8,861,774</u> | <u>7,659,819</u> |
| NET ASSETS | | <u>16,560,346</u> | <u>20,268,735</u> |
| Equity attributable to the equity holders of the Company | | | |
| Contributed equity | 15(a) | 34,646,621 | 34,497,373 |
| Reserves | 16 | (449,673) | (318,613) |
| Accumulated losses | | <u>(17,636,602)</u> | <u>(13,910,025)</u> |
| TOTAL EQUITY | | <u>16,560,346</u> | <u>20,268,735</u> |

This Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes

DATELINE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

| | Issued Capital | Shares & Options to be Issued | Accumulated Losses | Option Valuation Reserve | Foreign Currency Reserve | TOTAL |
|---|-------------------|-------------------------------------|-----------------------|--------------------------------|--------------------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 July, 2019 | 34,497,373 | - | (13,910,025) | 327,169 | (645,782) | 20,268,735 |
| Total profit / (loss) | - | - | (3,841,916) | - | - | (3,841,916) |
| Total other comprehensive income | - | - | - | - | (15,721) | (15,721) |
| Total comprehensive loss for the year | - | - | (3,841,916) | - | (15,721) | (3,857,637) |
| <i>Transactions with owners in their capacity as owners :</i> | | | | | | |
| <i>Options expired</i> | - | - | 115,339 | (115,339) | - | - |
| Contributions of equity | 149,248 | - | - | - | - | 149,248 |
| Balance as at 30th June 2020 | 34,646,621 | - | (17,636,602) | 211,830 | (661,503) | 16,560,346 |

| | Issued Capital | Shares & Options to be Issued | Accumulated Losses | Option Valuation Reserve | Foreign Currency Reserve | TOTAL |
|---|-------------------|-------------------------------------|-----------------------|--------------------------------|--------------------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 July, 2018 | 19,528,784 | 275,830 | (10,751,448) | 161,043 | (50,444) | 9,163,765 |
| Total profit / (loss) | - | - | (3,204,281) | - | - | (3,204,281) |
| Total other comprehensive income | - | - | - | - | (595,338) | (595,338) |
| Total comprehensive loss for the year | - | - | (3,204,281) | - | (595,338) | (3,799,619) |
| <i>Transactions with owners in their capacity as owners :</i> | | | | | | |
| <i>Options expired</i> | - | - | 45,704 | (45,704) | - | - |
| Contributions of equity | 14,968,589 | (275,830) | - | 211,830 | - | 14,904,589 |
| Balance as at 30 June, 2019 | 34,497,373 | - | (13,910,025) | 327,169 | (645,782) | 20,268,735 |

This Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes

DATELINE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|--|-------------|-----------------------|-------------------------|
| | | \$ | \$ |
| Cash flows used in operating activities | | | |
| Payment to suppliers and employees | | (2,172,957) | (2,184,106) |
| Revenue from operations | | 5,629 | 66,085 |
| Interest received | | 33,343 | 1,676 |
| Net cash flows used in operating activities | 8(a) | <u>(2,133,985)</u> | <u>(2,116,345)</u> |
| Cash flows used in investing activities | | | |
| Payment for property, plant & equipment | | (1,239,219) | (2,673,076) |
| Deposits paid | | (173,193) | |
| Payment for exploration & evaluation expenditure | | (1,173,395) | (702,803) |
| Net cash flows (used in) provided by investing activities | | <u>(2,585,807)</u> | <u>(3,375,879)</u> |
| Cash flows from financing activities | | | |
| Repayment of loans | | (321,232) | - |
| Proceeds from issue of shares | | - | 7,468,299 |
| Proceeds from borrowings | | 382,462 | 2,749,001 |
| Net cash flows from financing activities | | <u>382,462</u> | <u>10,217,300</u> |
| Net increase/(decrease) in cash and cash equivalents | | (4,337,330) | 4,725,076 |
| Cash and cash equivalents at beginning of period | | 4,816,924 | 91,848 |
| Cash and cash equivalents at end of period | 8 | <u><u>158,362</u></u> | <u><u>4,816,924</u></u> |

This Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes

1. REPORTING ENTITY

The financial report includes financial statements for the consolidated entity consisting of Dateline Resources Limited (the “Company”) and the entities it controlled during the year (“the Group”). The Company is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited (“ASX”). The Company is a for-profit entity for the purposes of preparing the financial statements. The address of its registered office and principal place of business is disclosed in the Corporate Directory of the annual report.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 30 September 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated.

(c) Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(d) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”).

The consolidated financial statements are presented in Australian dollars, which is Dateline Resources Limited, Dateline Fiji Pty Limited and Gunnison Gold Pty Limited’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

(e) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Sale of goods is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

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

Other revenue

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

(f) New accounting standards and interpretations

The Group has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. These and together with other amending Accounting Standards and Interpretations commencing from 1 July 2019 did not result in any material adjustments to the amounts recognised or disclosures in the financial report.

(g) Going concern

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

During the year, the consolidated entity incurred a net loss of \$3,841,916 (2019: \$3,204,281 loss) a net cash outflow of \$4,658,562 (2019: \$4,725,076 inflow) and net cash out flow from operations of \$2,133,985 (2019: \$2,116,345). As at 30 June 2020, the consolidated entity also had a working capital deficiency of \$1,075,676 (2019: \$2,470,280 surplus).

The ability of the Group to continue as a going concern is dependent upon the Group being able to generate sufficient funds to satisfy exploration commitments and working capital requirements. The directors are in the process of taking the following measures which have been designed to ensure that the going concern assumption remains appropriate and that the Group is able to settle liabilities and commitments as and when they are due:

- Commence mining at Gunnison, as soon as possible;
- Commence milling at Sooner Lucky Strike as soon as possible;
- Seeking other funding opportunities through various transactions including future fundraising including mergers or joint ventures;
- By issuing equity to settle future liabilities, if appropriate; and
- Adopting all appropriate measures to ensure that the cashflows remain sufficient to ensure that it remains a going concern.

The directors believe that the going concern basis for the preparation of the financial report of the Group is appropriate. The directors note that should the Group be unsuccessful in implementing the above mentioned measures, there is material uncertainty that the Group may be able to realise its assets or discharge its liabilities in the normal ordinary course of business and at the amounts stated in the financial report.

Accordingly, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. No adjustments have been made in relation to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(h) Reverse Acquisition Accounting

Dateline Resources Limited is listed on the Australian Securities Exchange. Dateline Resources Limited completed the legal acquisition of Dateline Fiji Pty Limited on 3rd October 2013.

Under the principles of AASB 3 *Business Combinations* Dateline Fiji Pty Limited was deemed to be the acquirer for accounting purposes. Therefore, the transaction has been accounted for as a reverse acquisition under AASB3. Accordingly, the consolidated financial statements of Dateline Resources Limited have been prepared as a continuation of the consolidated financial statements of Dateline Fiji Pty Limited.

(i) Income tax

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

Deferred income tax is recognised except where the deferred income tax liability 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; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will not reverse in the foreseeable future and the group is able to control the timing of the reversal of the temporary differences.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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.

Deferred tax assets and deferred tax liabilities shall be offset only if:

- (i) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or 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 substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

(j) Other taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except where 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 are stated with amounts 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.

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

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk or changes in value, and bank overdrafts.

(l) Plant and equipment

Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and any impairment losses.

Cost includes expenditures that are 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 work condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components).

Subsequent costs

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

Depreciation

Depreciation is charged to the profit or loss using a straight line method over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives in the current financial year are as follows:

- Plant and equipment 3 years.
- Office equipment 3 years.
- Mining equipment 10 years.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(m) Exploration and evaluation

Exploration costs are accounted for under the "Area of Interest" method, whereby costs are carried forward provided that rights to tenure of the area of interest are current and either there is a reasonable probability of recoupment through successful development and exploitation or by their sale, or exploration activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable mineral reserves and active and significant operations in, or in relation to, the area are continuing. The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration or evaluation phases is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. Exploration & Evaluation Assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs 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.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average

number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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

(q) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(r) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. 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.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Exploration & Evaluation Expenditure

The Group's accounting policy for exploration and evaluation is set out in Note 2(m) above. If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and Other Comprehensive Income.

(ii) Discounting

The Group has discounted non-interest bearing non-current payables to the vendors of acquired subsidiaries, refer note 13. This discount rate is reviewed annually.

(s) New Accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period. The Director's assessment of the impact of these new standards and interpretations (to the extent relevant to the Group) is that they will have no material impact.

3. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The segments are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker, being the Board of Directors.

The reportable segments are based on aggregated operating segments determined by the similarity of economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

Management has identified three reportable operating segments based on the three principal locations of its projects – Australia, USA and Fiji. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments. Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements.

| | Australia | USA | Fiji | Consolidation Entries | TOTAL |
|---------------------------|------------------|--------------|-------------|----------------------------------|--------------|
| 30 June 2020 | A\$ | A\$ | A\$ | A\$ | A\$ |
| Revenues | 17,480 | 3,629,403 | 1,010 | (3,608,921) | 38,972 |
| Segment Result | (1,796,533) | 1,562,528 | 1,010 | (3,608,921) | (3,841,916) |
| Total Segment Assets | 39,592,597 | 19,801,515 | 4,453,345 | (38,425,337) | 25,422,120 |
| Total Segment Liabilities | 9,626,793 | 303,339 | 5,206,625 | (6,274,983) | 8,861,774 |
| 30 June 2019 | A\$ | A\$ | A\$ | A\$ | A\$ |
| Revenues | 1,676 | 66,085 | - | - | 67,761 |
| Segment Result | 2,253,929 | 950,352 | - | - | 3,204,281 |
| Total Segment Assets | 39,976,212 | 18,110,866 | 4,323,974 | (34,482,498) | 27,928,554 |
| Total Segment Liabilities | (8,363,122) | (15,167,538) | (5,069,742) | 20,940,583 | (7,659,819) |

| 4. REVENUE FROM OPERATIONS | 30-Jun-20 | 30-Jun-19 |
|--|------------------|------------------|
| | \$ | \$ |
| Sales | 5,629 | 66,085 |
| | <u>5,629</u> | <u>66,085</u> |
| | | |
| 5. OTHER INCOME | 30-Jun-20 | 30-Jun-19 |
| | \$ | \$ |
| Other Income | 14,853 | - |
| | <u>14,853</u> | <u>-</u> |
| | | |
| 6. ADMINISTRATION EXPENSES | 30-Jun-20 | 30-Jun-19 |
| | \$ | \$ |
| Consulting and corporate expenses | 1,716,694 | 2,026,442 |
| Compliance and regulatory expenses | 55,544 | 52,340 |
| | <u>1,772,238</u> | <u>2,078,782</u> |
| | | |
| 7. INCOME TAX EXPENSE | 30-Jun-20 | 30-Jun-19 |
| | \$ | \$ |
| (a) Income tax expense | | |
| Current tax | - | - |
| Deferred tax | - | - |
| | <u>-</u> | <u>-</u> |
| | | |
| (b) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Loss from continuing operations before income tax expense | (3,841,916) | (3,204,281) |
| Tax at the Australian tax rate of 27.5% (2019 - 30%) | (1,056,527) | (961,284) |
| Tax effects of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Temporary difference not brought to account | <u>1,056,527</u> | <u>961,284</u> |
| Income tax expense | <u>-</u> | <u>-</u> |
| | | |
| (c) Tax losses | | |
| Unused tax losses * | 6,300,857 | 5,192,651 |

* The entities in the group have not formed a tax consolidated group and the unused tax losses consists of tax losses from entities in the group calculated on a stand alone basis.

| 8 CASH & CASH EQUIVALENTS | 30-Jun-20 | 30-Jun-19 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Cash at bank and in hand | 158,362 | 4,816,924 |
| | <u>158,362</u> | <u>4,816,924</u> |
| Reconciliation of net profit/(loss) after tax to net cash flows used in operating activities | | |
| | 30-Jun-20 | 30-Jun-19 |
| | \$ | \$ |
| 8a Net profit / (loss) after income tax | (3,841,916) | (3,204,281) |
| Adjustments for : | | |
| Depreciation | 400,612 | - |
| Change in assets and liabilities | | |
| (Increase)/decrease in trade and other receivables | 182,311 | (189,201) |
| Increase/(decrease) in trade and other payables | 668,552 | 159,627 |
| Increase/(decrease) in borrowings | 456,456 | 1,117,510 |
| Net cash flows used in operating activities | <u>(2,133,985)</u> | <u>(2,116,345)</u> |
| | | |
| 9 TRADE & OTHER RECEIVABLES | 30-Jun-20 | 30-Jun-19 |
| | \$ | \$ |
| Other receivables | 26,320 | 208,635 |
| | <u>26,320</u> | <u>208,635</u> |

(a) Trade receivables past due but not impaired

There were no trade receivables past due but not impaired.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 18 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

| 10 FINANCIAL ASSETS | 30-Jun-20 | 30-Jun-19 |
|----------------------------|------------------|------------------|
| | \$ | \$ |
| ANZ term deposits | 13,267 | - |
| Exploration deposits | 171,896 | 11,970 |
| | <u>185,163</u> | <u>11,970</u> |

ANZ term deposits are held as security for bonds required by the Fijian Mineral and Resources Department in regard to the tenements that Matai Holdings (Fiji) Limited holds at Udu Point.

| 11 PLANT & EQUIPMENT LAND & BUILDINGS | 30-Jun-20 | 30-Jun-19 |
|---|------------------|------------------|
| | \$ | \$ |
| Carrying amount of plant & equipment land & buildings | 16,694,316 | 15,855,709 |
| (a) Plant and Equipment | | |
| At Cost | 53,682 | 53,682 |
| Less accumulated depreciation | (53,682) | (53,682) |
| Total plant and equipment | - | - |
| Movement during the year | | |
| Balance at the beginning of the year | - | - |
| Balance at the end of the year | - | - |
| (b) Office Equipment | | |
| At Cost | 59,267 | 59,267 |
| Less accumulated depreciation | (55,139) | (51,773) |
| Total office equipment | 4,128 | 7,494 |
| Movement during the year | | |
| Balance at the beginning of the year | 7,494 | 7,494 |
| Depreciation expense | (3,366) | - |
| Balance at the end of the year | 4,128 | 7,494 |
| (c) Mining Plant & equipment | | |
| At Cost | 4,196,275 | 3,697,898 |
| Less accumulated depreciation | (382,013) | - |
| Total mining plant & equipment | 3,814,262 | 3,697,898 |
| Movement during the year | | |
| Balance at the beginning of the year | 3,697,898 | 3,152,074 |
| Additions | 498,377 | 545,824 |
| Depreciation expense | (382,013) | - |
| Balance at the end of the year | 3,814,262 | 3,697,898 |
| (d) Mine & Mill Development | | |
| At Cost | 5,375,598 | 4,737,436 |
| Total Mine and Mill Development | 5,375,598 | 4,737,436 |
| Movement during the year | | |
| Balance at the beginning of the year | 4,737,436 | 3,861,853 |
| Additions | 638,162 | 875,583 |
| Balance at the end of the year | 5,375,598 | 4,737,436 |

| | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|--|------------------|------------------|
| | \$ | \$ |
| (e) Mining Land & Buildings | | |
| At Cost | 7,425,963 | 7,412,881 |
| Total Mining land and buildings | <u>7,425,963</u> | <u>7,412,881</u> |
| Movement during the year | | |
| Balance at the beginning of the year | 7,412,881 | 5,412,284 |
| Additions | <u>13,082</u> | <u>2,000,597</u> |
| Balance at the end of the year | <u>7,425,963</u> | <u>7,412,881</u> |
| (f) Furniture & Fixtures | | |
| At Cost | 10,518 | - |
| Less accumulated depreciation | <u>(1,600)</u> | <u>-</u> |
| Total Furniture & Fixtures | <u>8,918</u> | <u>-</u> |
| Movement during the year | | |
| Balance at the beginning of the year | - | - |
| Additions | 10,518 | - |
| Depreciation expense | <u>(1,600)</u> | <u>-</u> |
| Balance at the end of the year | <u>8,918</u> | <u>-</u> |
| (g) Motor Vehicles | | |
| At Cost | 79,079 | - |
| Less accumulated depreciation | <u>(13,632)</u> | <u>-</u> |
| Total Furniture & Fixtures | <u>65,447</u> | <u>-</u> |
| Movement during the year | | |
| Balance at the beginning of the year | - | - |
| Additions | 79,079 | - |
| Depreciation expense | <u>(13,632)</u> | <u>-</u> |
| Balance at the end of the year | <u>65,447</u> | <u>-</u> |
| 12 EXPLORATION & EVALUATION EXPENDITURE | | |
| Carrying amount of exploration expenditure | <u>8,357,959</u> | <u>7,035,316</u> |
| Movement during the year | | |
| Balance at the beginning of the year | 7,035,316 | 6,305,886 |
| Expenditure incurred during the year | <u>1,322,643</u> | <u>729,430</u> |
| Balance at the end of the year | <u>8,357,959</u> | <u>7,035,316</u> |

Exploration and evaluation expenditure capitalised relates to expenditure incurred and capitalised for the Udu Polymetallic Exploration Project in Fiji and for the Gold Links Project located in Colorado USA. This expenditure has been accounted for in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. The fair value of the tenements acquired on acquisition of Gunnison Gold Pty Ltd have also been accounted for here.

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective area of interest and also dependent on the Group's ability to renew the expired tenements without exception.

| 13 TRADE & OTHER PAYABLES | 30-Jun-20 | 30-Jun-19 |
|--|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Trade and sundry creditors | 310,248 | 310,033 |
| Accruals | 28,184 | 28,625 |
| | <u>338,432</u> | <u>338,658</u> |
| Current trade & other payables are non-interest bearing and are settled on 30 day terms. | | |
| Non-Current | | |
| Amount owed to the vendors of CRG Mining LLC | 2,866,700 | 2,546,285 |
| Amount owed to the vendors of ALSH LLC | 2,866,700 | 2,546,285 |
| PPP Loan Liability | 182,462 | - |
| Other loans | 43,664 | - |
| | <u>5,959,526</u> | <u>5,092,570</u> |

The amounts owed to the vendors of CRG Mining LLC and ALSH LLC with a carrying value of \$5,733,400 (June 2019 : \$5,092,570) were arrived at after applying an annual discount of 10% (2019:10%) to future payments with a total face value of US\$5 million, are all payable on 31 December 2022.

The PPP Loan liability (Paycheck Protection Program) was created by the SBA (Small Business Administration - a USA Federal agency) is designed to provide direct incentive to USA business to keep their workers on the payroll. The SBA will forgive the loan if all employee retention criteria are met and the funds are used for eligible expenses. The PPP loan was granted to CRG Mining LLC and all retention criteria for loan forgiveness were met in September 2020. The loan will be forgiven upon application to the SBA.

| 14 LOANS FROM RELATED PARTIES | 30-Jun-20 | 30-Jun-19 |
|--|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Amounts owed to Southern Cross Resources NL | 1,107,089 | 1,133,052 |
| Amounts owed to Mr. Mark Johnson | - | 1,095,539 |
| Total current loans from shareholders | <u>1,107,089</u> | <u>2,228,591</u> |
| Non-Current | | |
| Amounts owed to Mr. Mark Johnson | 1,456,727 | - |
| | <u>1,456,727</u> | <u>-</u> |

The amount owed to Southern Cross Exploration N.L. of \$1,107,089 is made up of:

- \$275,359 (June 2019 \$398,242) which are expenses paid by Southern Cross Exploration N.L. for and on behalf of the Company. This amount is unsecured and interest free.
- \$831,730 (June 2019 \$734,810) which represents unsecured loans including interest. Details of these loans are included in note 20(ii).

The amount owed to Mr. Johnson of \$1,456,727 (June 2019 \$1,095,539) represents unsecured loans including interest. Details of these loans are included in note 20(ii). The repayment date of this loan was extended during the year to 31 March 2022.

15. CONTRIBUTED EQUITY

| | | Consolidated | |
|---------------------------------------|-------------------------------------|----------------------|-------------------|
| | | 30-Jun-20 | 30-Jun-19 |
| (a) Share Capital | | | |
| | Ordinary Capital - Number of Shares | 8,210,078,076 | 8,135,453,910 |
| | Ordinary Capital - Paid Up | \$34,646,621 | \$34,497,373 |
| (b) Movements in Share Capital | | Consolidated | |
| | | No. of Shares | \$ |
| 1 July 2019 | Opening Balance | 8,135,453,910 | 34,497,373 |
| 15 Nov 2019 | Issue of shares | 74,624,166 | 149,248 |
| 30 June 2020 | Closing Balance | <u>8,210,078,076</u> | <u>34,646,621</u> |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. At shareholders meetings, each ordinary share is entitled to one vote per share when a poll is called, otherwise each shareholder has one vote on a show of hands.

At 30 June 2020 there were 8,210,078,076 (2019 : 8,135,459,910) fully paid ordinary shares on issue, all of which are freely tradeable. There are no preference shares on issue.

(c) Capital Management

The Group's capital includes share capital, reserves and accumulated losses. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Group may issue new shares in order to meet its financial obligations. There are no externally imposed capital requirements.

16 RESERVES

| | 30-Jun-20 | 30-Jun-19 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Option Valuation Reserve | 211,830 | 327,169 |
| Foreign Currency Translation Reserve | (661,503) | (645,782) |
| | <u>(449,673)</u> | <u>(318,613)</u> |

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Option Valuation Reserve

10,000,000 unlisted options valued at \$211,830 were issued on 10 July 2018.

35,000,000 unlisted options valued at \$115,339 lapsed during the year.

17 EARNINGS PER SHARE

The calculation of basic loss per share at 30 June 2020 was based on the loss attributable to ordinary shareholders of \$3,841,916 (2019: loss \$3,204,281) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2020 of 8,181,941,095 (2019: 3,230,860,674) calculated as follows:

| (a) Basic profit/(loss) per share | 30-Jun-20 | 30-Jun-19 |
|---|------------------|------------------|
| Net profit/(loss) per share attributable to ordinary equity holders of the Company (\$) | (\$3,841,916) | (\$3,204,281) |
| Weighted average number of ordinary shares for basis per Continuing operations | 8,181,941,095 | 3,230,860,674 |
| - Basic profit/(loss) per share (cents) | (0.0470) | 0.0992 |

(b) Diluted profit/(loss) per share

Potential ordinary shareholders are not considered dilutive, thus diluted profit/(loss) per share is the same as basic loss per share.

18 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments consist of deposits with banks, receivables, other financial assets and payables. At the reporting date, the Group had the following mix of financial assets and liabilities.

| | 30-Jun-20 | 30-Jun-19 |
|------------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash & cash equivalents | 158,362 | 4,816,924 |
| Trade & other receivables | 26,320 | 208,635 |
| Financial Assets | <u>185,163</u> | <u>11,970</u> |
| | <u>369,845</u> | <u>5,037,529</u> |
| Financial Liabilities | | |
| Trade & other payables | 6,297,958 | 5,431,228 |
| Loans from related parties | <u>1,107,089</u> | <u>2,228,591</u> |
| | <u>7,405,047</u> | <u>7,659,819</u> |
| Net exposure | <u><u>(7,035,202)</u></u> | <u><u>(2,622,290)</u></u> |

Financial risk management

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. Primary responsibility for identification and control of financial risks rests with the Board of Directors.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits.

| | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|-------------------------|------------------|------------------|
| Financial Assets | \$ | \$ |
| Cash & cash equivalents | 158,362 | 4,816,924 |

Sensitivity

Based on the cash and cash equivalent held on 30 June 2020, had the interest rate increased by 1%, the group's post-tax loss would have been decreased by \$1,583 and had the interest rate decreased by 1% the group's post tax loss would have been increased by \$1,583.

Based on the cash and cash equivalent held on 30 June 2019, had the interest rate increased by 1%, the group's post-tax loss would have been decreased by \$48,169 and had the interest rate decreased by 1% the group's post tax loss would have been increased by \$48,169.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Group's maximum exposure to credit risk. All trade and other receivables are due within 30 days and none are past due.

(i) Cash and cash equivalents

The Group's primary banker is Commonwealth Bank of Australia (2019 : Commonwealth Bank of Australia). The Board considers the use of this financial institution, which has a short term rating of AA- from Standards and Poors to be sufficient in the management of credit risk with regards to these funds.

| | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|---|------------------|------------------|
| Cash at Bank and short term banks deposits | \$ | \$ |
| Standard & Poors Rating : AA- | 158,362 | 4,816,924 |

(ii) Trade & other receivables

While the Group has policies in place to ensure that transactions with third parties have an appropriate credit history, the management of current and potential credit risk exposures is limited as far as is considered commercially appropriate. Up to the date of this report, the Board has placed no requirement for collateral on existing debtors.

(c) Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US and Fijian dollar. The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian Dollars, was as follows:

| | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|--|------------------|------------------|
| | \$ | \$ |
| Cash at Bank and short term bank deposits | 254,155 | 926,753 |
| Receivables | - | 15,685 |
| Payables | 6,057,225 | 5,279,512 |

Management has set up a policy requiring group companies to manage their foreign exchange risk against their functional currency.

SENSITIVITY

At 30 June 2020, had the Australian dollar weakened by 10% against the US and Fijian dollar, with all other variables being constant, the net assets of the group would have reduced by \$644,786 (2019 \$481,897) and loss would have increased by \$644,786 (2019 \$481,897).

At 30 June 2020, had the Australian dollar strengthened by 10% against the US and Fijian dollar, with all other variables being constant, the net assets of the group would have increased by \$527,552 (2019 \$394,279) and loss would have reduced by \$527,552 (2019 \$394,279).

(d) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by continually monitoring cash reserves and cash flow forecasts to ensure that financial commitments can be met as and when they fall due.

The terms of the group's financial liabilities are detailed in note 13 and 14.

19 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

| | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Compensation by category | | |
| Short term employee benefits | <u>441,000</u> | <u>126,000</u> |
| | <u>441,000</u> | <u>126,000</u> |

Information regarding individual Directors and Executive compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

(b) Material contracts

(i) Directors' Deeds of Indemnity

With every Director appointment, the Group enters into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Group agrees to indemnify each Director to the extent permitted by the Corporations Act 2001 against any liability arising as a result of the Director acting in the capacity as a Director of the Group. The Group is also required to maintain insurance policies for the benefit of the Directors and must also allow the Directors to inspect Group documents in certain circumstances.

(ii) Loans to Directors

There were no loans made to Directors during the financial year 1 July 2019 to 30 June 2020.

(iii) Other Fees Paid to/accrued for Directors

Other than that provided in the remuneration section of the Directors' report, there were no other fees paid to Directors.

(iv) Balances outstanding

As at 30 June 2020 the following amounts were unpaid to KMP and or Directors:

| | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|-------------|------------------|------------------|
| | \$ | \$ |
| Mr Baghdadi | 121,000 | 32,500 |
| Mr Smith | - | 5,500 |

20 RELATED PARTY DISCLOSURES

(i) Key management personnel

Disclosures relating to directors and executives are set out in note 19 Key Management Personnel Disclosures.

(ii) Transactions with related parties

a. As at 30 June 2020 there were loans outstanding from related parties as depicted in the table below.

| Loan Date | 30 Jun 2020 | | | Interest Rate | Line Fee |
|--------------|------------------|------------------|------------------|---------------|----------|
| | Principal | Interest | O/S | | |
| 18/09/2018 | \$67,798 | \$14,406 | \$82,204 | 15.06% | 5.00% |
| 19/09/2018 | \$110,529 | \$21,249 | \$131,778 | 15.06% | 5.00% |
| 24/09/2018 | \$55,161 | \$10,625 | \$65,786 | 15.06% | 5.00% |
| 10/10/2018 | \$108,566 | \$21,037 | \$129,602 | 15.06% | 5.00% |
| 12/10/2018 | \$104,101 | \$20,187 | \$124,287 | 15.06% | 5.00% |
| 29/10/2018 | \$54,439 | \$10,625 | \$65,064 | 15.06% | 5.00% |
| 14/11/2018 | \$108,218 | \$21,249 | \$129,467 | 15.06% | 5.00% |
| 15/11/2018 | \$86,542 | \$16,999 | \$103,541 | 15.06% | 5.00% |
| TOTAL | <u>\$695,354</u> | <u>\$136,376</u> | <u>\$831,730</u> | | |

The above loans are repayable on demand.

| Loan Date | Loan from Mark Johnson as at : 30 Jun 2020 | | | Interest Rate | Line Fee |
|--------------|--|------------------|--------------------|---------------|----------|
| | Principal | Interest | O/S | | |
| 13/09/2018 | \$1,048,803 | \$205,118 | \$1,253,921 | 15.06% | 5.00% |
| 27/05/2020 | \$200,000 | \$2,806 | \$202,806 | 15.06% | 0.00% |
| TOTAL | <u>\$1,248,803</u> | <u>\$207,924</u> | <u>\$1,456,727</u> | | |

During the year, the repayment date for the above loan from Mark Johnson was extended to 31 March 2022.

(ii) Transactions with related parties

b. As at 30 June 2019 there were loans outstanding from related parties as depicted in the table below.

| Loans from Southern Cross Exploration NL as at : 30 Jun 2019 | | | | Interest | Line |
|---|------------------|-----------------|------------------|-----------------|-------------|
| Loan Date | Principal | Interest | O/S | Rate | Fee |
| 18-09-18 | \$67,798 | \$4,168 | \$71,966 | 15.06% | 5.0% |
| 19-09-18 | \$110,529 | \$6,148 | \$116,677 | 15.06% | 5.0% |
| 24-09-18 | \$55,161 | \$3,074 | \$58,235 | 15.06% | 5.0% |
| 10-10-18 | \$108,566 | \$6,086 | \$114,652 | 15.06% | 5.0% |
| 12-10-18 | \$104,101 | \$5,840 | \$109,941 | 15.06% | 5.0% |
| 29-10-18 | \$54,439 | \$3,074 | \$57,513 | 15.06% | 5.0% |
| 14-11-18 | \$108,218 | \$6,148 | \$114,366 | 15.06% | 5.0% |
| 15-11-18 | \$86,542 | \$4,918 | \$91,460 | 15.06% | 5.0% |
| TOTAL | \$695,354 | \$39,456 | \$734,810 | | |

| Loans from Mark Johnson as at : 30 Jun 2019 | | | | Interest | Line |
|--|--------------------|-----------------|--------------------|-----------------|-------------|
| Loan Date | Principal | Interest | O/S | Rate | Fee |
| 13-09-18 | \$1,048,803 | \$46,736 | \$1,095,539 | 15.06% | 5.0% |
| TOTAL | \$1,048,803 | \$46,736 | \$1,095,539 | | |

All of the above loans were repayable on demand.

(iii) Subsidiaries and associates

| Name of subsidiary | Country of Incorporation | Ownership | Ownership |
|----------------------------------|---------------------------------|---------------------|---------------------|
| | | Interest (%) | Interest (%) |
| | | 30.6.20 | 30.6.19 |
| Dateline Fiji Pty Limited | Australia | 100% | 100% |
| Matai Holdings (Fiji) Ltd | Fiji | 100% | 100% |
| Golden Phoenix Resources Limited | Australia | 100% | 100% |
| Golden Phoenix Australia Pty Ltd | Australia | 100% | 100% |
| Gunnison Gold Pty Ltd | Australia | 100% | 100% |
| Fossil Creek Mines LLC | USA | 100% | 100% |
| CRG Mining LLC | USA | 100% | 100% |
| Saguache Mining LLC | USA | 100% | 100% |
| SLV Minerals LLC | USA | 100% | 100% |
| ALSH LLC | USA | 100% | 100% |
| Sooner Lucky Strike Mine LLC | USA | 100% | 100% |

21. COMMITMENTS

(a) Exploration & Evaluation Commitments

| | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|---|------------------|------------------|
| | \$ | \$ |
| Within one year | 66,814 | 142,457 |
| After one year but not more than five years | - | 26,364 |
| After more than five years | - | - |
| Total minimum commitment | <u>66,814</u> | <u>168,821</u> |

The commitments above are subject to mining expenditure. They relate to the exploration tenements granted to, and under application by the Group.

22 SUBSEQUENT EVENTS

The impact of COVID-19 pandemic is ongoing. Management is closely monitoring the evolution of this pandemic and the response of the governments, particularly restrictions in place to contain this virus and how this will impact the Group and the economy, as a whole.

The Group has continued to operate in accordance with its plans up to the date of this report and management believes it will continue to do so even though the extent of the impact COVID-19 may have on its future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated at the date these financial statements were issued.

No other matter or event has arisen since 30 June 2020 that would be likely to materially affect the operations of the Group, or the state of affairs of the Company not otherwise as disclosed in the Group's financial report.

23 CONTINGENT LIABILITIES

For the year ended 30 June 2020 and for the year ended 30 June 2019, the following contingent liabilities existed.

There are contracted contingent liabilities in regard to Royalty Arrangements to the vendors of CRG Mining LLC. (CRG). The vendors of CRG are entitled to receive royalty payments at a rate of US\$50 for each ounce of gold produced from any mining operations conducted on the acquired tenements up to a maximum of US\$5 million (Maximum Amount). Regardless of production, an aggregate minimum amount of US\$2.5 million will be paid by 31 December 2022 which is included in the deferred consideration. (Refer note 13).

On the acquisition of Sooner Lucky Strike Mine there is a contingent liability in regard to Royalty Arrangements to the vendors of ALSH LLC. (ALSH). The vendors of ALSH are entitled to receive royalty payments at a rate of US\$50 for each ounce of gold produced from any mining operations conducted on the acquired tenements up to a maximum of US\$5 million (Maximum Amount). Regardless of production, an aggregate minimum amount of US\$2.5 million will be paid by 31 December 2022 which is included in the deferred consideration. (Refer note 13).

Royalties payable to the previous owner of Gunnison Property

During the year ended 30 June 2018 the Company acquired freehold land over the Gold Links property. The agreement entitles the previous owner of this land to Royalty payments as detailed below:

The Company shall pay Royalties to the previous owner based on a percentage of Net Smelter Returns base on the Gold Price per Ounce as follows:

| Gold Price per Ounce (USD) | Ownership Percentage of Net Smelter Returns |
|----------------------------|--|
| \$1,000 and below | 1.0% |
| \$1,001 to 1,500 | An Additional 0.1% for every \$100 in excess of \$1,000 up to \$1,500 |
| \$1,501 to \$2,000 | 2.0% |
| \$2,001 to \$5,500 | 2.0% plus additional 0.1% for every \$100 in excess of \$2,000 up to \$5,500 |
| \$5,501 and above | 7.0% |

The percentage will be adjusted bi- annually if the total amount of gold produced over a 6 month period is greater than one ounce per ton. The adjustment is calculated by multiplying the average Ownership Percentage of Net Smelter returns during each 6 month period by the Gold Ratio. The Gold Ratio is the ratio of the amount of ounces of gold produced verses the tonnes of ore mined and milled.

The maximum percentage payable is capped at 7%.

Minimum payment if no production occurs

If no production is under taken after 31 October 2018 the previous owner is entitled to US\$15,000 per calendar year if the following condition is met:

- (i) A commercial quantity (as determined by the previous owner’s project engineer and geologist) of ore is available.

24. DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the financial year.

25. REMUNERATION OF AUDITORS

Amounts received or due and receivable by auditors.

(a) HLB Mann Judd Assurance (NSW) Pty Ltd

| | <u>30-Jun-20</u> | <u>30-Jun-19</u> |
|---|------------------|------------------|
| | \$ | \$ |
| Income tax services | - | 8,250 |
| An audit or review of the financial report of the Company | 45,587 | 47,000 |
| | <u>45,587</u> | <u>55,250</u> |

26. PARENT ENTITY INFORMATION

| (a) Financial Position | 30-Jun-20 | 30-Jun-19 |
|-----------------------------------|-------------------|--------------------|
| Assets | \$ | \$ |
| Current assets | 98,399 | 4,816,013 |
| Non-current assets | 26,733,053 | 17,017,477 |
| Total Assets | 26,831,452 | 21,833,490 |
| Liabilities | | |
| Current liabilities | 2,750,814 | 2,162,595 |
| Non-Current liabilities | 2,947,358 | 2,626,944 |
| Total Liabilities | 5,698,172 | 4,789,539 |
| Net Assets | 21,133,280 | 17,043,951 |
| Equity | | |
| Issued equity | 36,051,339 | 35,581,677 |
| Reserves | 641,012 | 756,351 |
| Retained earnings | (15,559,071) | (19,294,077) |
| Total Equity | 21,133,280 | 17,043,951 |
| (b) Financial Performance | | |
| Profit/(Loss) for the year | 3,735,006 | (5,104,006) |
| Other comprehensive income | - | - |
| Total Comprehensive Income | 3,735,006 | (5,104,006) |

(c) Guarantees Entered Into By The Parent Entity

No guarantees have been entered into by the parent entity in relation to the debts of its subsidiaries.

(d) Commitments And Contingencies of the Parent Entity

There were no commitments and contingencies for the parent entity as at 30 June 2020 or 30 June 2019 other than that disclosed in notes 21 and 23.

27. ENTITIES ACQUIRED DURING THE YEAR

Current year ended 30 June, 2020 - NIL
 Previous year ended 30 June, 2019 - NIL

In the Directors' opinion:

- a) the financial statements and notes set out on pages 13 to 37 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- 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.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Equivalent Chief Executive Officer and the Equivalent Chief Financial Officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Directors



Mr Mark Johnson
Non-Executive Chairman
30 October 2020

Independent Auditor's Report to the Members of Dateline Resources Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Dateline Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration for the Company and the Group.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Regarding Going Concern

We draw attention to Note 2(g) (Going Concern) in the financial report, which indicates that the Group incurred a net loss of \$3,841,916 during the year ended 30 June 2020 and, as of that date had a working capital deficiency of \$1,075,676. As stated in Note 2(g) (Going Concern), these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's (or Group's) ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Current and Possible Effects and Uncertainties of COVID-19

We draw attention to Note 22 of the financial report, which describes the current and possible effects and uncertainties on the Group arising from the on-going issues associated with COVID-19. Our opinion is not modified in respect of this matter.

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Liability limited by a scheme approved under Professional Standards Legislation.

Key Audit Matters

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

| Key Audit Matter | How our audit addressed the key audit matter |
|---|--|
| Carrying amount of exploration and evaluation assets Note 12 | |
| In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises acquisition costs of rights to explore and applies the cost model after recognition. | Our procedures included but were not limited to: |
| Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation assets because this is one of the significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amount. | <ul style="list-style-type: none"> Reviewing a sample of capitalised costs to supporting documentation to ensure they had been capitalised in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources; Considering the Directors' assessment of potential indicators of impairment; Obtaining evidence that the Group had current right of tenure over its areas of interest; and Examining the disclosures made in the financial report. |
| The group has two areas of interest, one in Fiji, the other in the United States of America ("USA"). | |

Information Other than the Financial Report and Auditor's Report Thereon

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 2020, 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 Company and 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 Company or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Company's or 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 Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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 in pages 8 to 9 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Dateline Resources Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

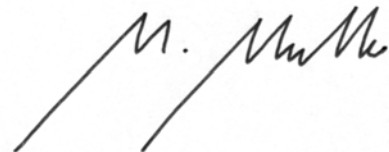
Responsibilities

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.



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
30 October 2020



M D Muller
Director

The following additional information was applicable as at 24 September 2020.

1. Number of Holders of each class of equity security and the voting rights attached:

| Class of Security | No. of Holders | Voting Rights Attached |
|--------------------------|-----------------------|---|
| Ordinary Shares | 630 | Each shareholder is entitled to one vote per share held |
| Unlisted Options | 0 | N/A |

There are a total of 8,210,078,076 ordinary fully paid shares on issue. There are no shares subject to voluntary escrow.

2. Distribution schedule of the number of holders of fully paid ordinary shares is as follows:

| Distribution of Holders | Number of Fully Paid Ordinary Shareholders |
|--------------------------------|---|
| 1 - 1,000 | 64 |
| 1,001 - 5,000 | 14 |
| 5,001 - 10,000 | 27 |
| 10,001 - 100,000 | 101 |
| 100,001 and above | 424 |

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than \$500.

- There are 239 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 9,308,025.

4. Substantial shareholders

As at report date there are three substantial shareholders.

5. Share buy-backs

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

6. Top 20 Shareholders

The top 20 largest fully paid ordinary shareholders together held 87.32% of the securities in this class and are listed below:

| | Holder Name | No. of Shares | Holding |
|----|---|----------------------|---------------|
| 1 | SOUTHERN CROSS EXPLORATION NL | 2,617,665,022 | 31.88% |
| 2 | MR MARK RODERICK GRANGER JOHNSON | 1,593,890,731 | 19.41% |
| 3 | NATIONAL NOMINEES LIMITED | 1,250,000,000 | 15.23% |
| 4 | MUTUAL TRUST PTY LTD | 267,550,000 | 3.26% |
| 5 | SPINITE PTY LTD | 196,346,959 | 2.39% |
| 6 | BIG ELK HOLDINGS PTY LIMITED<FERGUSON SUPER FUND A/C> | 175,000,000 | 2.13% |
| 7 | JOJO ENTERPRISES PTY LTD<SFI FAMILY A/C> | 133,010,702 | 1.62% |
| 8 | BICKHAM COURT SUPERANNUATION PTY LTD<BC SUPER FUND A/C> | 120,259,827 | 1.46% |
| 9 | MR K DAVIS & MRS A DAVIS<THE DAVIS SUPER'N FUND A/C> | 105,250,000 | 1.28% |
| 10 | MR ANDREW JOHN PATTERSON | 102,500,000 | 1.25% |
| 11 | MR STEPHEN BAGHDADI | 81,806,866 | 1.00% |
| 12 | 1215 CAPITAL PTY LTD | 78,893,007 | 0.96% |
| 13 | MANN INVESTMENT COMPANY | 66,666,666 | 0.81% |
| 14 | GECKO RESOURCES PTY LTD | 60,000,000 | 0.73% |
| 15 | MR KYLE AARON ROBBINS | 56,000,000 | 0.68% |
| 16 | MR JACOB HUNTER WILKINSON | 56,000,000 | 0.68% |
| 17 | MR ROBBERT GLENN GYDESEN | 56,000,000 | 0.68% |
| 18 | OMAROO PTY LTD<HALL FAMILY A/C> | 52,499,887 | 0.64% |
| 19 | MR R PAGE & MRS A<PAGE GROUP SUPER FUND A/C> | 50,000,000 | 0.61% |
| 20 | MR ROBERT HAMILTON FERGUSON | 50,000,000 | 0.61% |
| | Total | 7,169,339,667 | 87.32% |

7. Unquoted Equity Securities

The Company has no listed unquoted equity securities on issue

8. Interest in Mining Licences

The Company is an exploration entity, below is a list of its interest in licences, where the licences are situated and the percentage of interest held.

| Project | Description / Number | Ownership | Location |
|--|----------------------|-----------|--------------|
| Gold Links Permitted Mine | 39 Patented Claims | 100% | Colorado USA |
| Gold Links Permitted Mine | 20 Unpatented Claims | 100% | Colorado USA |
| Lucky Strike Permitted Mine & Mineral Hill Historic Mine | 19 Patented Claims | 100% | Colorado USA |
| Lucky Strike Permitted Mine & Mineral Hill Historic Mine | 13 Patented Claims | 100% | Colorado USA |
| Udu | SPL1387 | 100% | Fiji |
| Udu | SPL1396 | 100% | Fiji |