



# **BLACK CAT SYNDICATE LIMITED**

ABN 63 620 896 282

## **ANNUAL REPORT 2018**

# BC8



## TABLE OF CONTENTS

Chairman's Letter .....	4
Review of Operations .....	6
Summary of Tenements .....	16
Directors' Report.....	18
Auditor's Independence Declaration.....	29
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	30
Consolidated Statement of Financial Position .....	31
Consolidated Statement of Changes in Equity .....	32
Consolidated Statement of Cash Flows.....	33
Notes to the Financial Statements.....	34
Directors' Declaration .....	59
Independent Auditor's Report.....	60
ASX Additional Information.....	64

## CORPORATE DIRECTORY

### Directors

Paul Chapman  
Gareth Solly  
Les Davis  
Alex Hewlett

Non-Executive Chairman  
Managing Director  
Non-Executive Director  
Non-Executive Director

### Joint Company Secretaries

Mark Pitts  
Dan Travers

### Principal Office

Unit 6, 16 Nicholson Road  
Subiaco, Western Australia 6008  
Telephone 0458 007 713

### Registered Office

Unit 5, 16 Nicholson Road  
Subiaco, Western Australia 6008  
Telephone 0458 007 713

### Auditor

Crowe Horwath Perth  
Level 5, 45 St Georges Terrace  
Perth, Western Australia 6000

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth, Western Australia 6000  
Telephone (08) 9323 2000

### Stock Exchange Listing

The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

### ASX Code

BC8 – Ordinary shares

### Website

[www.blackcatsyndicate.com.au](http://www.blackcatsyndicate.com.au)

### Australian Business Number

63 620 896 282

### Company Information

The Company was incorporated and registered under the Corporations Act 2001 in Western Australia.

The Company is domiciled in Australia.

## CHAIRMAN'S LETTER

Dear Fellow Shareholder

We are pleased to present the 2018 Annual Report for Black Cat Syndicate Limited ("Black Cat").

We believe Black Cat offers the following opportunity to investors:

- we have a tight capital structure and we are well funded;
- we generate strong news flow and we are actively drilling three mineralised corridors as well as other high ranking targets;
- we offer scale potential as we look to define and grow resources from multiple deposits;
- we are in an excellent location being close to mills, infrastructure and workforce; and
- we have an experienced team that can transition from exploration to production.

Dealing with each of these principles in turn.

### **We have a tight capital structure and we are well funded**

Black Cat completed the \$6 million Initial Public Offering ("IPO") process and ASX listing on 30 January 2018. In doing so we issued 57.26 million fully paid ordinary shares and 17.46 million five year options exercisable at \$0.20.

We have been cost conscious with shareholder funds. At 30 June 2018, we had \$3.9 million of cash at bank and had RC drilled 12,822 metres. Our RC drilling performance has us 300% ahead on drilled metres while drilling cost per metre is approximately 33% of our expectations at IPO.

For our deeper diamond drilling, we have secured 50% funding (up to \$138,000) from the WA Government Exploration Incentive Scheme.

### **We generate strong news flow and we are actively drilling three mineralised corridors as well as other high ranking targets**

Since Black Cat's ASX listing on 30 January 2018 we have issued 15 market sensitive announcements at the rate of ~1.5 per month. This reflects both our drilling productivity and also the extremely pleasing results achieved to date.

### **We offer scale potential as we look to define and grow resources from multiple deposits**

We have three pronged strategy aimed at building JORC Resources and creating value for shareholders:

- **Advanced Targets:** progress more mature targets such as along the 6km long Queen Margaret Corridor to define JORC Resources and economic deposits as quickly as possible;
- **Emerging Targets:** assess emerging targets such as along the 1.4km long Myhree-Boundary Corridor to determine their ability to become advanced targets with potential JORC Resources; and
- **Early Targets:** efficiently evaluate and prioritise more conceptual targets to ensure that scale opportunities are not overlooked.



## CHAIRMAN'S LETTER (continued)

### **We are in an excellent location being close to mills, infrastructure and a workforce**

Being only 25kms east of Kalgoorlie lowers cost and risk while increasing the likelihood of a deposit being economic. Major players in the area include Northern Star, Evolution and KCGM, ensuring that Kalgoorlie remains a long term hub for mining and exploration services.

We have also steadily increased our footprint in the area with some low key ground acquisitions.

### **We have an experienced team that can transition from exploration to production**

In addition to an experienced non-executive team comprised of Les Davis, Alex Hewlett and me, we have added a strong management team.

Gareth Solly joined as Managing Director and while a geologist by training was also registered mine manager at the nearby and similar Daisy Milano Complex.

Dr Damien Keys of Complete Target is our Chief Geological Adviser. Damien has been instrumental in developing a comprehensive geological model over the Bulong Gold Project. A first for this project.

Ned Summerhayes was appointed Exploration Manager charged with both assessing opportunities and implementing our plans on the ground.

As we move to 2019, other opportunities and challenges will present themselves. By focussing on the above principles, we are confident of another successful year for Black Cat.

In closing, we would like to thank our local communities, employees, suppliers and other business partners. We also would like to take this opportunity to thank our fellow shareholders for your support.

Yours sincerely



**Paul Chapman**  
Chairman

## REVIEW OF OPERATIONS

### OVERVIEW

Black Cat Syndicate Limited (“Black Cat” or “the Company”) listed on the Australian Securities Exchange (“ASX”) (ASX:BC8) on 30 January 2018. The Company, being conscious of capital, finished the year with \$3.9 million in cash.

Black Cat seeks to maximise value for shareholders through the application of cost effective systematic and scientific exploration over areas with significant potential. Black Cat’s primary focus is on its 100% owned, 84<sup>2</sup> km Bulong Gold Project (“Bulong”) located close to infrastructure just 25kms east of Kalgoorlie by sealed road. Mains power and water run through Bulong with five regional mills, support services and a residential workforce nearby (refer Figure 1).

Black Cat’s intention is to build a high quality resource base at Bulong with the aim of advancing to production as quickly as possible. Numerous highly prospective targets exist at Bulong which offer potential for the Company to define and grow resources from multiple deposits. In particular, to the south of Bulong, prospective targets are typically controlled by stratigraphic and structural corridors (refer Figure 2) which provide excellent exploration targets:

- **Queen Margaret Corridor:** ~5km mineralised corridor with historic mining activity but a lack of modern exploration;
- **Myhree-Boundary Corridor:** 1.4km long corridor, historic and recent exploration providing high-grade results to the southern and northern extents with minimal exploration over the majority of the corridor; and
- **Trump Corridor:** ~1km zone 200m to the west and striking parallel to the Myhree-Boundary Corridor. This area has seen minimal exploration and only minor historic mining.

### PROJECT BACKGROUND

Bulong has a history of complex, unconsolidated ownership and small scale, high grade production:

- mine production ceased in the early 1910s with a total of ~152,000oz @ >1 oz/t Au produced;
- the Queen Margaret mine was the main producer with ~96,000oz @ >1 oz/t Au. Despite the mine’s high-grade production record there has been no effective drilling below the old workings;
- historic mining on the six level (180m below surface) intercepted mineralised lodes 300m to the east of Queen Margaret, however this area has not seen follow up drill testing;
- prospectors have seen high specimen and nugget production with multiple +100oz Au nuggets discovered; and
- the complex and unconsolidated ownership structures have hampered exploration and mining at Bulong.

Black Cat has now consolidated Bulong bringing together a number of high-grade, near term, underground production targets along with shallow open cut positions. Black Cat’s initial focus is to test the highest priority targets to validate historic results as well as to drill and study the economics of developing an open cut mine specifically at Queen Margaret. Open cut mining at Queen Margaret could subsequently allow declining from the open cut into footwall and eastern zones and development across to historic workings while assessing backfill volumes and grade.

## REVIEW OF OPERATIONS (continued)

### PROJECT LOCATION

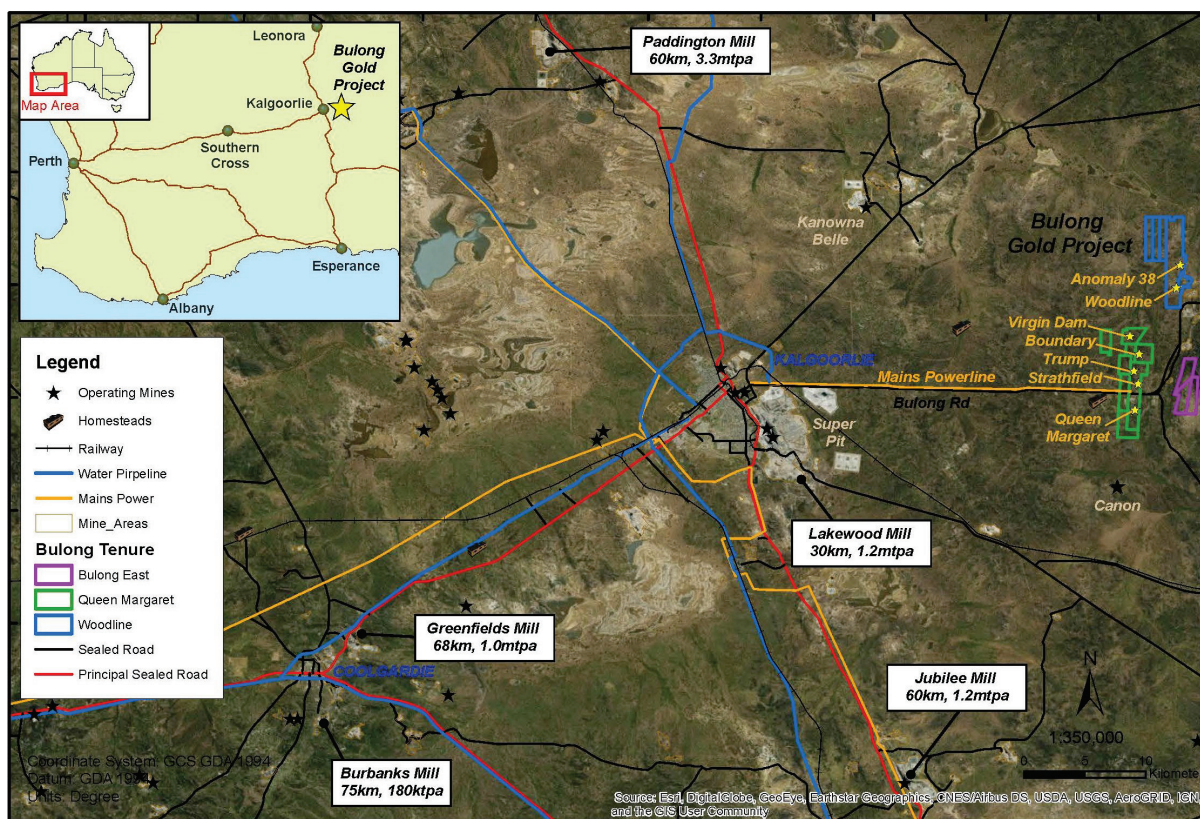


Figure 1: Regional map of Kalgoorlie showing the location of the Bulong Gold Project and infrastructure

### OUR STRATEGY

Black Cat intends to delineate economic resource inventories using systematic and scientific exploration across highly prospective projects. Black Cat is committed to:

- operating in a safe and sustainable manner;
- applying best practice exploration techniques to unlock resource potential;
- building a high quality resource base at Bulong with the aim of advancing to production as quickly as possible;
- maximising in-ground exploration by maintaining low corporate overheads; and
- being ever vigilant in identifying opportunities to maximise the interests of shareholders.

### SAFETY AND SUSTAINABILITY

The Board of Directors of Black Cat are committed to executing the Company's strategy and operations in a safe and responsible manner. There were nil reportable incidents for Black Cat during the reporting period.



## REVIEW OF OPERATIONS (continued)



*Photo 1: Warning signs erected at Bulong Gold Project, 25km east of Kalgoorlie, WA*

### EXPLORATION PROGRAMS

Black Cat is focussed on transitioning Bulong from a historic mining field to modern development through systematic exploration using technology. Black Cat completed a number of significant milestones to aid this objective since listing on 30 January 2018, including:

- compilation and reprocessing of all relevant datasets;
- development of 3D geological models for targeting purposes;
- ranking of all historic and new exploration targets; and
- commencement of cost-effective, systematic testing of high priority targets.

By 30 June 2018, Black Cat had completed:

- consolidation of landholdings with the acquisition of additional prospecting licences to the west of the historic Queen Margaret workings;
- low cost reverse cycle (“RC”) drilling, which commenced in the March 2018 quarter, with 199 holes drilled for 12,822m;
- extensive field mapping to validate geology including drone surveys; and



## REVIEW OF OPERATIONS (continued)

- successful application for Exploration Incentive Scheme (“EIS”) co-funded drilling grant under and around the Queen Margaret historic workings.



Photo 2: RC Drilling at Bulong

### **Queen Margaret Corridor**

The Queen Margaret Corridor was the focus of mining prior to WW1. This Corridor has negligible cover at surface leading to substantial historic mining as indicated through mapping over 500 historic shafts along 5km of strike. This Corridor was therefore the source of most of the ~152k oz of gold produced at Bulong. The Queen Margaret was the largest mine at Bulong and produced over 96,000 oz @ > 1 oz/t Au.

### **Queen Margaret Mine**

Mining at Queen Margaret was almost entirely constrained to the hangingwall lode of the Queen Margaret porphyry and was mined to a depth of ~240m. Black Cat’s Phase 1 drilling was designed to prove the conceptual geology model and validate historic drilling that produced significant results. The new drilling confirmed strong mineralisation on the footwall contact of the porphyry as well as numerous internal veins linking the hangingwall and footwall mineralisation, potentially improving ounces per vertical metre (refer Figure 3). The mineralisation is open at depth and has the potential to advance to open pit development above the historic mine.

## REVIEW OF OPERATIONS (continued)

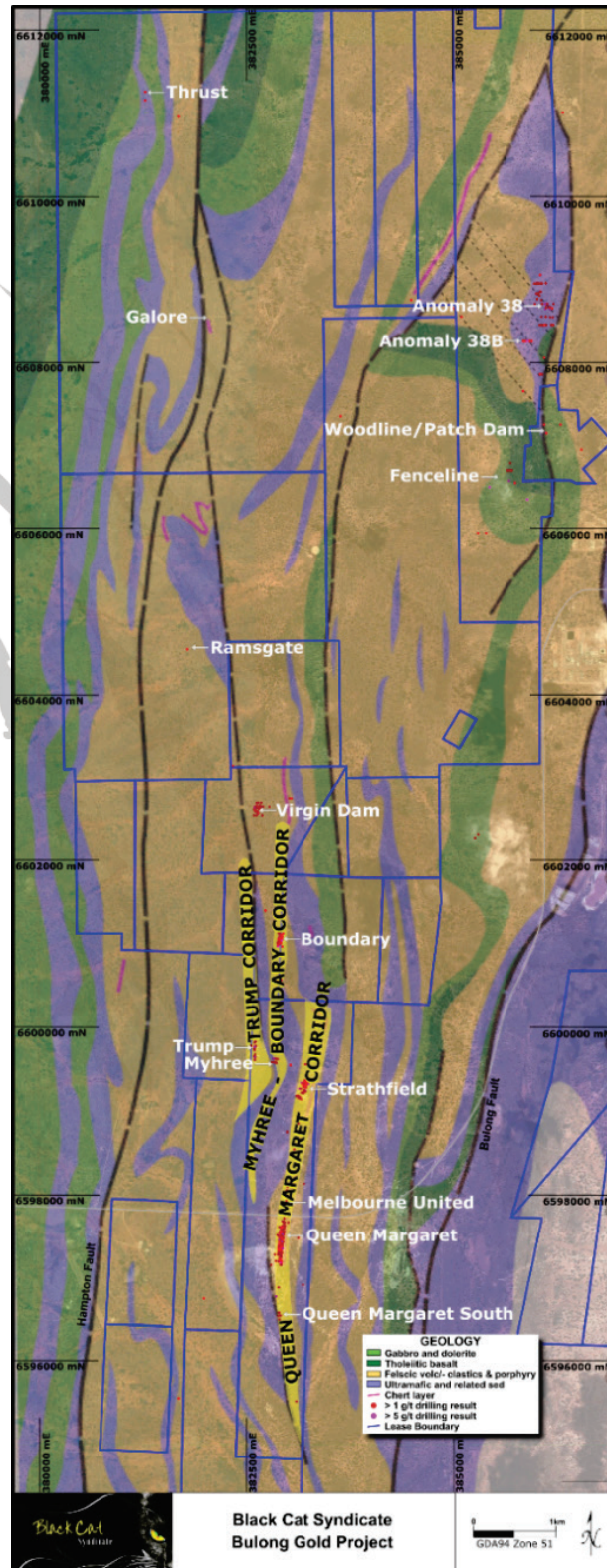


Figure 2: Geology of the Bulong Gold Project showing corridors of mineralisation



## REVIEW OF OPERATIONS (continued)

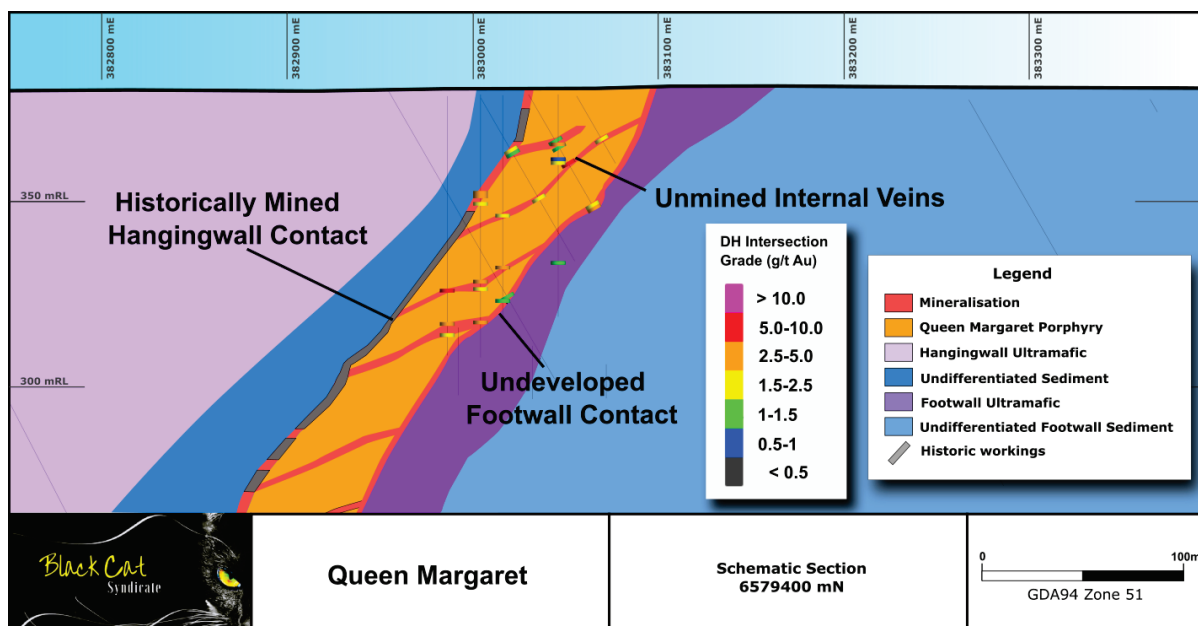


Figure 3: Schematic section showing the historic workings on the hangingwall contact of the porphyry and the footwall and internal vein sets

Significant results from drilling (refer ASX announcement 26 July 2018) include:

- 18QMRC095, 3 metres @ 2.16 g/t Au from 68 metres (Internal lode);
- 18QMRC097, 4 metres @ 3.37 g/t Au from 25 metres (Hangingwall lode);
- 18QMRC097, 4 metres @ 2.84 g/t Au from 51 metres (Footwall lode);
- 18QMRC098, 2 metres @ 2.25 g/t Au from 51 metres (Hangingwall lode);
- 18QMRC099, 2 metres @ 7.37 g/t Au from 52 metres (Footwall lode);
- 18QMRC100, 1 metre @ 7.45 g/t Au from 49 metres (Internal lode);
- 18QMRC100, 1 metre @ 6.47 g/t Au from 73 metres (Footwall lode);
- 18QMRC101, 5 metres @ 1.57 g/t Au from 67 metres (Hangingwall lode); and
- 18QMRC103, 6 metres @ 2.14 g/t Au from 85 metres (Footwall lode).

And also (refer ASX announcement 16 May 2018), include:

- 18QMRC060, 3 metres @ 116.33 g/t Au from 0 metres (Internal lode);
- 18QMRC056, 4 metres @ 9.16 g/t Au from 33 metres (Internal lode);
- 18QMRC031, 4 metres @ 5.99 g/t Au from 42 metres (Internal lode);
- 18QMRC001, 6 metres @ 2.97 g/t Au from 22 metres (Internal lode);
- 18QMRC057, 3 metres @ 5.37 g/t Au from 32 metres (Internal lode);
- 18QMRC046, 3 metres @ 5.30 g/t Au from 70 metres (Footwall lode);



## REVIEW OF OPERATIONS (continued)

- 18QMRC006, 1 metre @ 14.60 g/t Au from 0 metres (Internal lode);
- 18QMRC027, 1 metre @ 13.70 g/t Au from 31 metres (Footwall lode);
- 18QMRC058, 4 metres @ 2.64 g/t Au from 51 metres (Internal lode); and
- 18QMRC063, 2 metres @ 4.95 g/t Au from 53 metres (Internal lode).

These are in addition to better historic results of:

- BAC70, 2 metres @ 34.84 g/t Au from 48 metres;
- 93BRC6, 7 metres @ 8.75 g/t Au from 61 metres;
- SBRC2, 1 metre @ 54.00 g/t Au from 0 metres;
- 94BRC30, 8 metres @ 4.16 g/t Au from 39 metres;
- BAC70, 3 metres @ 9.94 g/t Au from 22 metres;
- 94BRC15, 1 metre @ 27.00 g/t Au from 49 metres;
- 94BRC43, 1 metre @ 27.00 g/t Au from 31 metres;
- BAC19, 1 metre @ 25.60 g/t Au from 43 metres;
- BAC66, 4 metres @ 5.05 g/t Au from 29 metres; and
- 94BRC46, 2 metres @ 8.38 g/t Au from 62 metres.

Concurrent with the drilling, detailed mapping and interpretation has been undertaken at the southern end of Queen Margaret. This has identified the existence of a NW orientated fault structure that appears to offset the Queen Margaret porphyry. This is likely the main reason that mining at Queen Margaret stopped where it did pre-WW1. Importantly, the higher grade hangingwall position on the southern side of this fault is likely unmined and represents an under-explored target.

Drilling below the Queen Margaret workings will be undertaken in 2018 as will extensional RC drilling and maiden resource modelling over the shallow mineralisation.

### **White Horse and Melbourne United**

The White Horse Mine is located to the north of the Queen Margaret Mine and the two mines were joined by underground development as historic mining at both mines exploited the same lode. Development to the north of the White Horse Mine failed to locate the rich hangingwall lode and no stoping is recorded.

Black Cat's interpretation of an offsetting NE fault structure (White Horse Fault) that offset the host stratigraphy was drill tested with 15 RC holes (810m). Drilling results confirm that the stratigraphy is indeed offset by ~25m and likely links to the Melbourne United workings which lie ~200m to the north in an under drilled area.

Hole 18QMRC065 contained two intersections (refer ASX announcement 16 May 2018):

- 3 metres @ 1.05 g/t Au from 25 metres; and
- 2 metres @ 11.01 g/t Au from 31 metres.

## REVIEW OF OPERATIONS (continued)

These are the only intercepts in the offset area, while further north the Melbourne United Mine has only been lightly drilled with few intersections recorded, although 92BRC100 intersected 2m @ 27.11 g/t Au from 39m on an internal vein position and PAR002 returned 3.1m @ 5.63 g/t Au from 147.8m when drilled in 1947. This provides encouragement that mineralisation from White Horse was indeed offset by the north east striking fault to become Melbourne United.

Minimal historic drilling has been undertaken in the footwall zone of the Melbourne United workings and there is potential that the footwall porphyry at Melbourne United is similarly mineralised to that at Queen Margaret. Black Cat intends to RC drill in the footwall of the historic workings at Melbourne United during 2018 and 2019.

Additional drilling further along the ~5km long Queen Margaret Corridor provides evidence of multiple shallow resources which remain under explored and open at depth.

### Myhree-Boundary Corridor

The Myhree-Boundary Corridor lies ~400m west of the Queen Margaret Corridor. There is no outcrop in this area and therefore negligible historic mining has occurred. Myhree and Boundary are ~1.4kms apart and currently define this corridor. The Myhree-Boundary Corridor contains similar host rocks and mineralisation to the Queen Margaret Corridor and has significant potential to grow to the north and south. Only three shallow RAB lines have been previously drilled between Myhree and Boundary and each contains mineralisation.

### Myhree

Myhree is named after historic mines between the Strathfield workings on the Queen Margaret Corridor to the east and the parallel Trump workings to the west. Historic shafts have been sunk in a sporadic nature with more recent prospector scrapings also evident. Mineralisation was previously noted in shallow air core drilling completed in 1992 by General Gold. In 1999, Acacia Resources undertook RAB drilling between Myhree and Boundary intersecting mineralisation in several holes. Bulong Mining Pty Ltd drilled four 17m deep RC holes in 2012 all intersecting shallow mineralisation. No further historic work has been undertaken at Myhree.

Mineralisation dips shallowly to the west (refer Figure 4) similar to both Queen Margaret and Trump and is open at depth and along strike to the north.

Significant results from drilling (refer ASX announcement 23 July 2018) include:

- 18MYRC001, 5 metres @ 4.14 g/t Au from 7 metres;
- 18MYRC002, 3 metres @ 1.81 g/t Au from 19 metres;
- 18MYRC003, 1 metre @ 36.9 g/t Au from 14 metres; and
- 18MYRC004, 3 metres @ 5.61 g/t Au from 46 metres.

Extensional drilling is planned at Myhree to test both along strike and at depth.

## REVIEW OF OPERATIONS (continued)

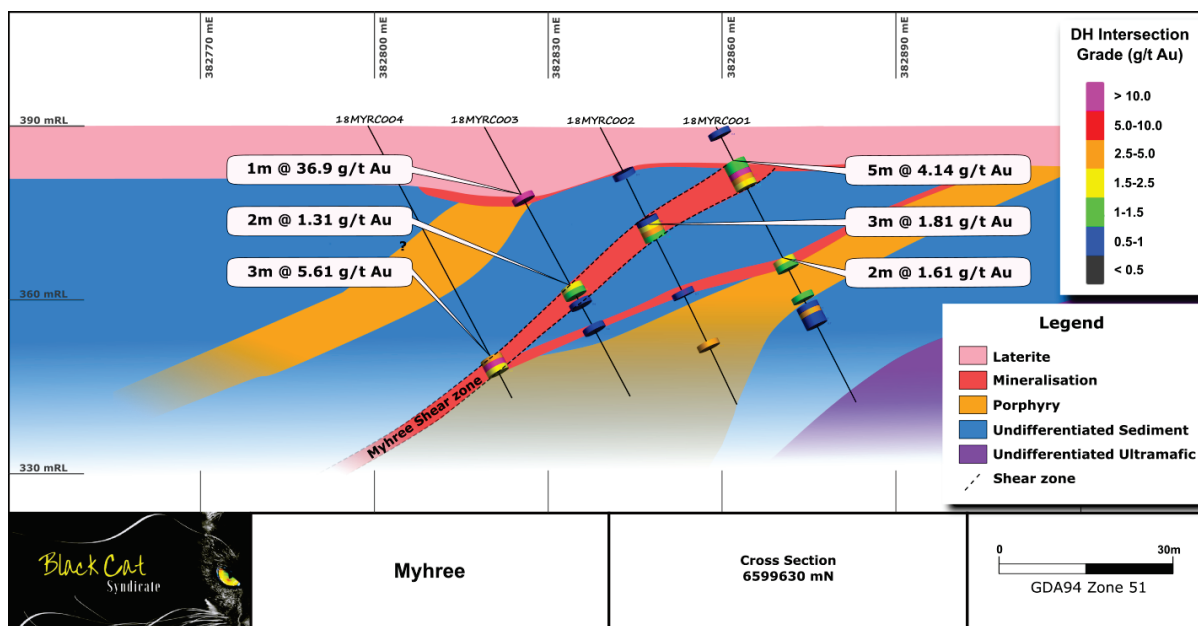


Figure 4: Cross section through 6599630mN showing new drilling at Myhree

### Boundary

The Boundary deposit occurs in a sedimentary corridor wedged between ultramafic units, ~1.4kms to the north of Myhree. Boundary was discovered in 1991 through a soil sampling program that defined a 500m x 250m coherent anomaly at +40ppb Au\*\*. Seventy-three RC holes were drilled in the 1990's (on a 20m x 10m grid) and defined high grade mineralisation over 140m in strike below 20-30m of lateritic cover directly under the soil anomaly.

Geological logging of new and previous drilling shows lateritic cover over the area increases to both the north and south of the Boundary deposit. Higher grades are associated with felsic porphyry units within a package of sediment. Mineralised intercepts correlate well with historic drilling and significant scope remains for extensions of mineralisation at depth and to the north and south where offsetting faults have been interpreted.

Significant results from drilling (refer ASX announcement 16 August 2018) include:

- 18BORC002, 8 metres @ 2.70 g/t Au from 33 metres;
- 18BORC003, 3 metres @ 10.55 g/t Au from 84 metres; and
- 18BORC004, 2 metres @ 7.24 g/t Au from 22 metres.

These are in addition to better historic Boundary results of:

- 92BRC33, 21 metres @ 8.01 g/t Au from 38 metres;
- NBB7, 26 metres @ 2.76 g/t Au from 41 metres;
- 92BRC29, 6 metres @ 11.11 g/t Au from 34 metres;
- 92BRC52, 21 metres @ 2.72 g/t Au from 41 metres;
- 92BRC88, 12 metres @ 4.09 g/t Au from 40 metres;

## REVIEW OF OPERATIONS (continued)

- NBB2, 8 metres @ 5.97 g/t Au from 49 metres;
- 92BRC91, 16 metres @ 2,60 g/t Au from 36 metres;
- 92BRC87, 18 metres @ 2,30 g/t Au from 46 metres;
- 92BRC31, 19 metres @ 2.10 g/t Au from 54 metres; and
- 92BRC32, 13 metres @ 2,61 g/t Au from 33 metres.

Extensional drilling will be undertaken at Boundary to test both along strike and at depth.

Where the Company refers to previous ASX announcements it confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

**\*\*** *Information on historical results outlined in this Announcement together with JORC Table 1 information, is contained in the Independent Geologists Report within Black Cat's Prospectus dated 27 November 2017, which was released on an announcement on 25 January 2018.*

## SUMMARY OF TENEMENTS

As at 1 October 2018

Lease	Location	Project Name	Area (km <sup>2</sup> )	Status	% Interest
E25/0499	Bulong	Ramsgate	0.04	Live	100% ~
E25/0512	Bulong	Woodline West	0.04	Live	100% ~
E25/0520	Bulong	Anomaly 38	0.04	Live	100% +
E27/0532	Bulong	Thrust	0.08	Live	100% ~
M25/0024	Bulong	Queen Margaret	4.86	Live	100%
M25/0083	Bulong	Woodline	0.73	Live	100%
M25/0091	Bulong	Boundary	0.83	Live	100%
M25/0129	Bulong	Boundary/Federation	1.79	Live	100%
P25/2286	Bulong	Trump	1.22	Live	100%
P25/2287	Bulong	Bulong	1.35	Live	100% ~
P25/2288	Bulong	Bulong	1.01	Live	100% ~
P25/2293	Bulong	Bulong North	0.53	Live	100% ~
P25/2367	Bulong	Princess West	2.00	Live	100%
P25/2368	Bulong	Queen Margaret West	1.96	Live	100%
P25/2369	Bulong	Virgin Dam	1.70	Live	100%
P25/2377	Bulong	Virgin Dam North	1.99	Live	100% ~
P25/2378	Bulong	Virgin Dam West	1.93	Live	100% ~
P25/2463	Bulong	Balagundi	1.35	Live	100%
P27/2326	Bulong	Hampton Hill	1.78	Live	100%
P27/2327	Bulong	Hampton Hill	1.78	Live	100%
P27/2328	Bulong	Hampton Hill	1.64	Live	100%
P25/2253	Bulong	Hampton Hill	1.22	Pending	0%
P25/2254	Bulong	Hampton Hill	1.22	Pending	0%
P25/2478	Bulong	East Bulong	1.21	Pending	0%
P25/2479	Bulong	East Bulong	1.92	Pending	0%
P25/2480	Bulong	East Bulong	1.83	Pending	0%
P25/2481	Bulong	East Bulong	1.68	Pending	0%
E28/2809	Avoca Downs	Rowes Find	39.8	Pending	0%

+ Interest acquired pursuant to the exercise of an option on 24 January 2018 - lease transfers are pending.

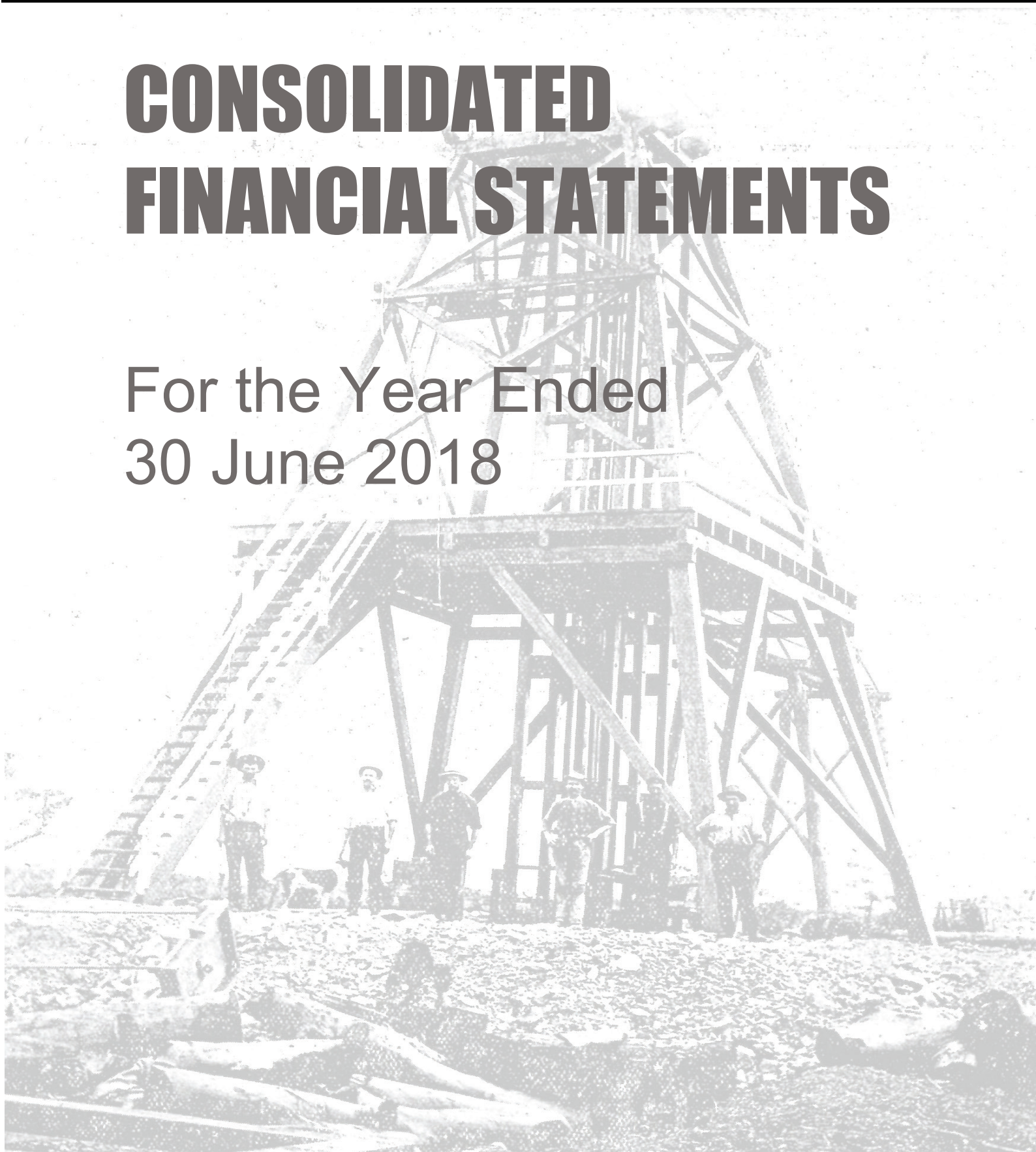
~ Interest acquired pursuant to the completion of a conditional purchase agreement on 17 January 2018 - lease transfers are pending.





# **CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended  
30 June 2018



## DIRECTORS' REPORT

The Directors' present their report on Black Cat Syndicate Limited ("Black Cat" or "the Company") and the entity it controlled ("the Group") at the end of, and during the period ended 30 June 2018.

### DIRECTORS

The names and details of the Directors' of Black Cat during the financial year and until the date of this report are:

**Paul Chapman (Non-Executive Chairman)** *B.Comm, ACA, Grad. Dip. Tax, MAICD, MAusIMM (Appointed 4 August 2017)*

Paul is a chartered accountant with over 30 years' experience in the resources sector gained in Australia and the United States. Paul has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas and has held Managing Director and other senior management roles in public companies. Paul was a founding shareholder/director of the following ASX listed companies: Reliance Mining Limited; Encounter Resources Limited; Rex Minerals Limited; Silver Lake Resources Limited and Paringa Resources Limited. Paul is currently a director of Western Australia based explorer, Encounter Resources Limited (ASX:ENR) and resigned as non-executive director of Brazilian copper/gold producer Avanco Resources Limited (ASX:AVB) on 10 August 2018 following a successful takeover by OZ Minerals Limited.

**Gareth Solly (Managing Director)** *B.Sc (Geology) First Class Honours, Dip. Business (Appointed 1 January 2018)*

Gareth has 18 years' mining industry experience covering numerous orebody types in both underground and surface environments with a proven ability in leading mine geology, resource development and near mine exploration teams. This includes 11 years' senior management experience in roles of Registered Manager, Chief Geologist and Group Geology Manager in organisations including Saracen Gold Mines Limited (ASX:SAR), Silver Lake Resources Limited (ASX:SLR) and Norilsk Nickel. Of particular relevance, Gareth was the Chief Geologist and later Resident Manager at Mount Monger which is similar in many ways to Bulong and involved managing a workforce of approximately 200.

**Les Davis (Non-Executive Director)** *M.Sc (Min Econs) (Appointed 4 August 2017)*

Les has a master's degree in Mineral Economics from Curtin University of Western Australia and over 38 years' mining industry experience including 17 years' hands-on experience in mine development and narrow vein mining. Les' career incorporates over 20 years' senior management and executive experience including roles as Mine Manager, Technical Services Manager, Concentrator Manager, Resident Manager and General Manager Expansion Projects with organisations including WMC Resources Limited, Reliance Mining Limited and Consolidated Minerals Limited and is the founding Managing Director of ASX listed Silver Lake Resources Limited (ASX:SLR).

**Alex Hewlett (Non-Executive Director)** *B.Sc, MAusIMM (Appointed 4 August 2017)*

Alex has a degree in Earth Science from the University of Western Australia and is a member of the Australian Institute of Mining and Metallurgy. Alex is currently the Chief Executive Officer of ASX listed gold and base metal explorer Hammer Metals Limited (ASX:HMX) which is an active explorer in the Mount Isa region of Queensland. Alex, has resigned as a director of Hammer Metals Limited effective 1 October 2018. Alex is also chairman of ASX listed explorer Spectrum Rare Earths Limited (ASX:SPX).



## DIRECTORS' REPORT (continued)

### COMPANY SECRETARIES

**Mark Pitts (Joint Company Secretary)** *BBus, FCA, GAICD (Appointed 9 November 2017)*

Mark has over 30 years' experience in business administration and corporate compliance. Having started his career with KPMG, Mark has worked at a senior management level in a variety of commercial and consulting roles including mining services, healthcare and property development. The majority of the past 15 years has been spent working for or providing services to publicly listed companies in the junior resources sector. Mark is a registered company auditor and holds a Bachelor of Business Degree from Curtin University, is graduate of the Australian Institute of Company Directors and is a Fellow of Chartered Accountants Australia and New Zealand.

**Dan Travers (Joint Company Secretary):** *BSc (Hons), FCCA (Appointed 23 November 2017)*

Dan is a Fellow of the Association of Chartered Certified Accountants with over 10 years' experience in the administration and accounting of publicly listed companies following significant public practice experience. Dan holds undergraduate degrees with honours in both Mathematics and Accounting and is an employee of Endeavour Corporate Limited, which specialises in the provision of company secretarial and accounting services to ASX listed entities in the mining and exploration industry.

### DIRECTORS' INTERESTS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options
P Chapman	3,430,001	2,880,001
G Solly	1,200,000	1,200,000
L Davis	2,750,000	2,400,000
A Hewlett	2,880,000	2,880,000

Included in the Directors' interests in Unlisted Options, there are 9,360,001 options that are vested and exercisable as at the date of signing this report, subject to other ASX and voluntary restrictions.

### DIRECTORS' MEETINGS

The number of meetings of the Company's Directors' held during the period ended 30 June 2018, and the number of meetings attended by each Director are as follows:

Director	Board of Directors' Meetings	
	Eligible to Attend	Attended
P Chapman	5	5
G Solly	5	5
L Davis	5	5
A Hewlett	5	4

## DIRECTORS' REPORT (continued)

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial period was mineral exploration in Western Australia.

There were no significant changes in these activities during the financial period.

### RESULTS OF OPERATIONS

#### Financial Position and Performance

The consolidated net loss after income tax for the financial period was \$749,702.

At the end of the financial period the Group had \$3,878,872 in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$1,862,294.

### REVIEW OF ACTIVITIES

#### Exploration

Exploration activities for the financial period have been focussed on the Bulong Gold Project located ~30kms from Kalgoorlie, Western Australia.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company and the Group during or since the end of the financial period.

### OPTIONS OVER UNISSUED CAPITAL

#### Unlisted Options

As at the date of this report 17,460,001 unissued ordinary shares of the Company are under option as follows:

Number of Options Granted	Exercise Price	Expiry Date
17,460,001	20 cents each	25 January 2023

All options on issue at the date of this report are unlisted, vested and exercisable, subject to separate ASX and voluntary restrictions.

During the financial period the Company granted 5,500,000 unlisted options over unissued shares to brokers and advisers to the Initial Public Offering ("IPO") completed during the period. In addition, 11,960,001 unlisted options were issued as securities attaching to share issues prior to the IPO.

Subsequent to the end of the financial period the Company issued 400,000 unlisted options to employees of the Company pursuant to the Company's Incentive Plan.

During, or since the end of, the financial period:

- no options have been cancelled; and
- no shares have been issued on the exercise of options.

## DIRECTORS' REPORT (continued)

Options do not entitle the holder to:

- participate in any share issue of the Company or any other body corporate; and
- any voting rights until the options are exercised into ordinary shares.

### ISSUED CAPITAL

Number of Shares on Issue	
	2018
Ordinary fully paid shares	57,260,002

### DIVIDENDS

No dividend has been paid and no dividend is recommended for the financial period ended 30 June 2018.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors' of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company expects to maintain exploration programs at its Bulong Gold Project in Western Australia.

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of the future exploration and evaluation.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors' are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

### REMUNERATION REPORT (AUDITED)

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the specific skills and experience of the Directors' and Officers'.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Remuneration Committee

The Board has adopted a formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

The Company does not have a separate remuneration committee and as such all remuneration matters are considered by the Board as a whole, with no Member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.

#### Non-Executive Remuneration

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non-Executive Remuneration is not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives:

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum Non-Executive Directors fees, payable in aggregate are currently set at \$300,000 per annum.

#### Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performances.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness. To date the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Black Cat Syndicate Incentive Option Plan, which was approved by shareholders on 14 October 2017.

The Board, acting in remuneration matters:

1. Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Reviews and approves existing incentive plans established for employees; and
3. Approves the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

#### Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from his/her position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Paul Chapman as Non-Executive Chairman, the Company will pay \$60,000 including statutory superannuation per annum.

In consideration of the services provided by Les Davis and Alex Hewlett as Non-Executive Directors', the Company will pay each \$40,000 including statutory superannuation per annum.

Messrs Chapman, Davis and Hewlett are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. There were no such fees paid during the financial period ended 30 June 2018.

#### Engagement of Executive Director

The Company has entered into an executive service agreement with Gareth Solly in respect of his engagement as Managing Director on the following material terms and conditions:

- is effective for three years from 1 January 2018 and receives a base salary of \$220,000 per annum plus statutory superannuation and may also receive an annual short term performance based bonus which may be calculated as a percentage of current base salary, the performance criteria, assessment and timing of which is negotiated annually with the Non-Executive Directors; and
- subject to shareholder approval, may participate in the Black Cat Syndicate Incentive Option Plan and other long term incentive plans adopted by the Board.



## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Short Term Incentive Payments

Each year, the Non-Executive Directors' set the Key Performance Indicators ("KPI's") for the Executive Director. The KPI's are chosen to align the reward of the individual Executive to the strategy and performance of the Company.

Performance objectives, which may be financial or non-financial, or a combination of both, are weighted when calculating the maximum short term incentives payable to Executives. At the end of the year, the Non-Executive Directors' will assess the actual performance of the Executives against the set Performance Objectives. The maximum amount of the short term Incentive, or a lesser amount depending on actual performance achieved is paid to the Executives as a cash payment.

No short term incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

#### Shareholding Qualifications

The Directors are not required to hold any shares in Black Cat under the terms of the Company's constitution. However, as shown above, all Directors' do hold interests in Black Cat's shares which are subject to ASX and voluntary restrictions.

#### Group Performance

In considering the Company's performance, the Board provides the following indices in respect of the current financial periods and previous financial periods:

	2018
Profit/(Loss) for the period attributable to shareholders	<b>\$(749,702)</b>
Closing share price at 30 June	<b>\$0.255</b>

As an exploration company the Board does not consider the profit/(loss) attributable to shareholders as one of the performance indicators when implementing Short Term Incentive Payments.

In addition to technical and economic exploration success, the Board considers the effective management of safety, environmental and operational matters and the acquisition and consolidation of high quality landholdings, as more appropriate indicators of management performance for the 2018 financial period.

#### Remuneration Disclosures

The Key Management Personnel of the Company have been identified as:

- Paul Chapman                      Non-Executive Chairman;
- Gareth Solly                        Managing Director;
- Les Davis                            Non-Executive Director; and
- Alex Hewlett                        Non-Executive Director.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

The details of the remuneration of each Director and member of Key Management Personnel of the Company is as follows:

30 June 2018	Short Term		Post Employment	Other Long Term		Value of Options as Proportion of Remuneration %
	Base Salary \$	Short Term Incentive \$	Superannuation Contributions \$	Value of Options \$	Total \$	
P Chapman	23,131	-	2,169	-	25,300	-
G Solly	110,000	-	10,450	-	120,450	-
L Davis	15,421	-	1,446	-	16,867	-
A Hewlett	15,421	-	1,446	-	16,867	-
<b>Total</b>	<b>163,973</b>	<b>-</b>	<b>15,511</b>	<b>-</b>	<b>179,484</b>	<b>-</b>

#### Remuneration Disclosures

##### *Details of Performance Related Remuneration*

During the period, short term incentive payments were paid to executive directors as follows:

	Short Term Incentive Payments - Cash Bonuses Paid
	2017/2018 Financial Period
G Solly	\$nil

No performance indicators, other than those shown above, had been set for the 2017/2018 financial period.

##### *Options Granted as Remuneration*

No options have been issued as remuneration during, or since the end of, the financial period.

The fair value of options issued as remuneration is allocated to the relevant vesting period of the options. Options are provided at no cost to the recipients.

No options were exercised by Key Management Personnel during the financial period.

##### *Exercise of Options Granted as Remuneration*

During the year, no ordinary shares were issued in respect of the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company.



## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Equity Instrument Disclosures Relating to Key Management Personnel

##### Option Holdings

Key Management Personnel have the following interests in unlisted options over unissued shares of the Company:

2018 Name	Balance at Start of the Period	Received During the Period as Remuneration	Other Changes During the Period <sup>2</sup>	Balance at the End of the Period	Vested and Exercisable at the End of the Period <sup>1</sup>
<b>Directors</b>					
P Chapman	-	-	2,880,001	2,880,001	2,880,001
G Solly	-	-	1,200,000	1,200,000	1,200,000
L Davis	-	-	2,400,000	2,400,000	2,400,000
A Hewlett	-	-	2,880,000	2,880,000	2,880,000

<sup>1</sup> All options are subject to ASX or voluntary escrow restrictions at the date of this report.

<sup>2</sup> Options issued to Directors and included in the disclosures above were issued as attaching securities to pre-IPO capital raisings and as such have been ascribed nil value.

##### Share Holdings

The number of shares in the Company held during the financial period by Key Management Personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

2018 Name	Balance at Start of the Year	Received During the Year on Exercise of Options	Other Changes During the Year	Balance at the End of the Year
<b>Directors</b>				
P Chapman	-	-	3,520,001	3,520,001
G Solly	-	-	1,200,000	1,200,000
L Davis	-	-	2,750,000	2,750,000
A Hewlett	-	-	2,880,000	2,880,000

##### Loans Made to Key Management Personnel

No loans were made to Key Management Personnel, including personally related entities during the reporting period.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel.

#### End of Remuneration Report

### OFFICERS' INDEMNITIES AND INSURANCE

During the year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

### 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 Company or Group, or to intervene in any proceedings to which the Company or Group is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company or Group with leave of the Court under Section 237 of the Corporations Act 2001.

### NON-AUDIT SERVICES

During the year Crowe Horwath, the Company's auditor, has not performed any other services in addition to their statutory duties, other than as stated below.

Total Remuneration Paid to Auditors During the Financial Period:	2018 \$
Audit and review of the Company's financial statements	<b>15,000</b>
Other services – Investigating Accountants' Report	<b>6,500</b>
<b>Total</b>	<b>21,500</b>

The Board considers any non-audit services provided during the year by the auditor and satisfies itself that the provision of any non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

## DIRECTORS' REPORT (continued)

- all non-audit services are reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

### AUDITOR'S INDEPENDENCE DECLARATION

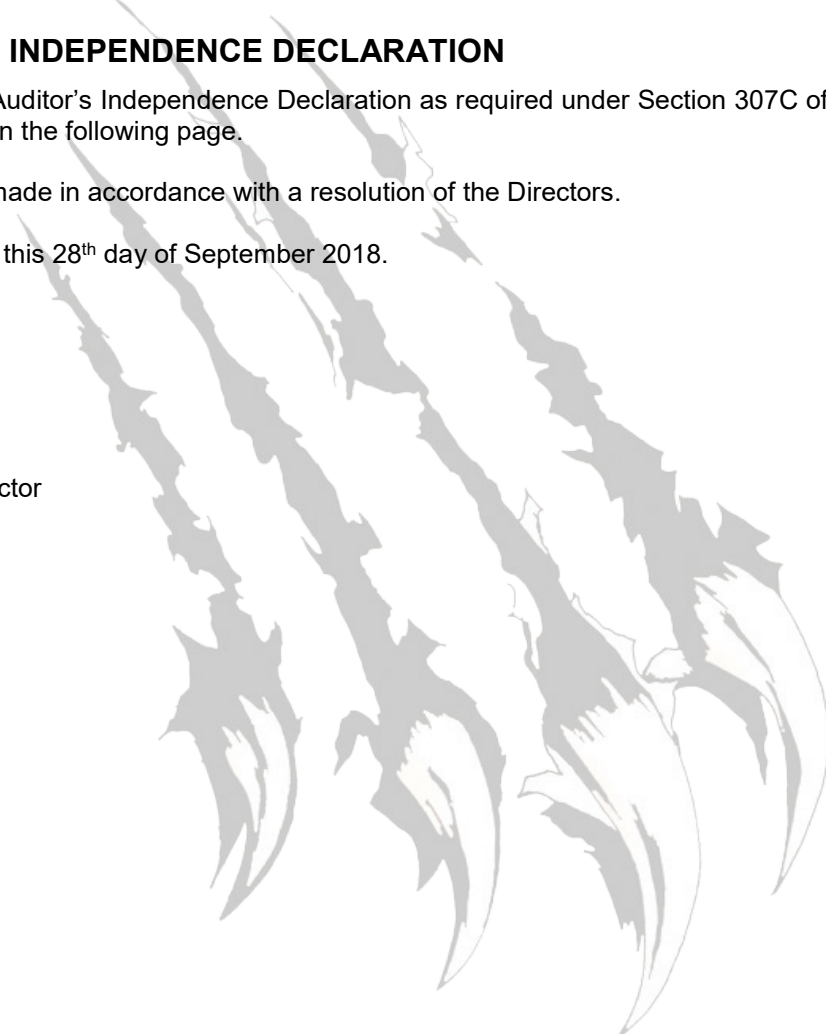
A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

Dated at Perth this 28<sup>th</sup> day of September 2018.



**Gareth Solly**  
Managing Director





## AUDITOR'S INDEPENDENCE DECLARATION



### AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Black Cat Syndicate Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

### CROWE HORWATH PERTH

**CYRUS PATELL**  
Partner

Signed at Perth, 28 September 2018

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Note	Consolidated
		Period Ended 30 June 2018 \$
Other income	5	<u>20,374</u>
<b>Total income</b>		<b>20,374</b>
Employee expenses	6	(250,766)
Employee expenses recharged to exploration		104,384
Legal and professional		(72,056)
Corporate advisory		(96,851)
Marketing and promotion		(9,022)
Depreciation expense	6	(4,344)
Share issue expenses		(156,328)
Administration and other expenses		(164,781)
Exploration costs written off		<u>(120,312)</u>
<b>Profit/(Loss) before income tax</b>		<b>(749,702)</b>
Income tax benefit	7	-
<b>Profit/(Loss) after tax</b>		<b>(749,702)</b>
Other comprehensive income		-
Total comprehensive income/(loss) for the year		<u><u>(749,702)</u></u>
Earnings per share for loss attributable to the ordinary equity holders of the Company		
Basic earnings/(loss) per share	28	<u>(2.1)</u>
Diluted earnings/(loss) per share	28	<u><u>(2.1)</u></u>

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Consolidated
		2018 \$
<b>Current assets</b>		
Cash and cash equivalents	8	3,878,872
Trade and other receivables	9	33,928
<b>Total current assets</b>		<b>3,912,800</b>
<b>Non-current assets</b>		
Property, plant and equipment	11	46,071
Capitalised mineral exploration and evaluation expenditure	12	1,869,294
<b>Total non-current assets</b>		<b>1,915,365</b>
<b>Total assets</b>		<b>5,828,165</b>
<b>Current liabilities</b>		
Trade and other payables	14	313,729
Employee entitlements	15	12,836
<b>Total current liabilities</b>		<b>326,565</b>
<b>Total liabilities</b>		<b>326,565</b>
<b>Net assets</b>		<b>5,501,600</b>
<b>Equity</b>		
Issued capital	16	5,792,125
Accumulated losses		(749,702)
Share based payments reserve	17	459,177
<b>Total equity</b>		<b>5,501,600</b>

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Consolidated			
	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total \$
<b>2018</b>				
Balance at the start of the financial period	-	-	-	-
Comprehensive income for the financial period	-	(749,702)	-	(749,702)
Movement in equity remuneration reserve in respect of options vested	-	-	459,177	459,177
Transactions with equity holders in their capacity as equity holders:				
Shares issued (net of costs)	5,792,125	-	-	5,792,125
Balance at the end of the financial period	<b>5,792,125</b>	<b>(749,702)</b>	<b>459,177</b>	<b>5,501,600</b>

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



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Note	Consolidated
		Period Ended 30 June 2018 \$
<b>Cash flows from operating activities</b>		
Interest received		6,303
Payments to suppliers and employees		<u>(381,269)</u>
<b>Net cash from/(used in) operating activities</b>	27	<u>(374,966)</u>
<b>Cash flows from investing activities</b>		
Payments to acquire exploration assets		(932,500)
Payments for exploration and evaluation		(758,221)
Payments for plant and equipment		<u>(50,414)</u>
<b>Net cash used in investing activities</b>		<u>(1,741,135)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares		6,650,426
Payments for share issue costs		<u>(655,453)</u>
<b>Net cash from/(used in) financing activities</b>		<u>5,994,973</u>
<b>Net increase/(decrease) in cash held</b>		3,878,872
<b>Cash at the beginning of the financial period</b>	8	-
<b>Cash at the end of the financial period</b>	8	<u>3,878,872</u>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied throughout the reporting period, unless otherwise stated. The financial report includes financial statements for the consolidated entity consisting of Black Cat Syndicate Limited and its subsidiary ("the Group").

#### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The separate financial statements of the parent entity have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report of the Group was authorised for issue in accordance with a resolution of Directors on 28 September 2018.

#### Statement of Compliance

The consolidated financial report of Black Cat Syndicate Limited complies with Australian Accounting Standards, which include AIFRS, in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards ("IFRS") in their entirety.

#### Adoption of New and Revised Accounting Standards

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

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

#### *New standards and interpretations not yet adopted*

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application date or future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

##### – *AASB 9 Financial Instruments*

This standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. *AASB 9 Financial Instruments* introduces new classification and measurement models for financial assets.

The Group currently has no material exposure to other financial assets and financial liabilities affected by the requirements of *AASB 9 Financial Instruments*.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 1 Summary of Significant Accounting Policies (continued)

This standard is applicable to annual reporting periods beginning on or after 1 January 2018 and as such the Group will adopt this standard from 1 July 2018. The Group does not expect there to be a material impact from the adoption of AASB 9.

– *AASB 15 Revenue from Contracts with Customers*

The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and prescribes specific presentation and disclosure requirements.

The Group does not currently have any contracts with customers in place and as such its exposure to the requirements of *AASB 15 Revenue from Contracts with Customers* is limited.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018 and as such the Group will adopt this standard from 1 July 2018. The Group does not expect there to be a material impact from the adoption of AASB 15.

– *AASB 16 Leases*

The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases, and requires, subject to certain exemptions, the recognition of a 'right-of-use asset' and a corresponding lease liability, and the subsequent depreciation of the 'right-of-use' asset. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Group is currently not party to any material operating or finance lease arrangements and as such its exposure to the requirements of *AASB 16 Leases* is limited.

This standard is applicable to annual reporting periods beginning on or after 1 January 2019 and as such the Group will adopt this standard from 1 July 2019. Other than the recognition of a lease liability in respect of its existing operating lease, the Group does not expect there to be a material impact from the adoption of AASB 16.

### **Reporting Basis and Conventions**

These financial statements have been prepared under the historical cost convention, and on an accrual basis.

### **Critical Accounting Estimates**

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

### **Principles of Consolidation**

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 1 Summary of Significant Accounting Policies (continued)

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiary companies are accounted for at cost in the individual financial statements of the Company.

#### (b) Segment Reporting

Operating segments are identified, and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8.

#### (c) Revenue Recognition and Receivables

##### *Interest Income*

Interest income is recognised on a time proportion basis and is recognised as it accrues.

#### (d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.



## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 1 Summary of Significant Accounting Policies (continued)

#### (e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

#### (f) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (g) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 of changes in value.

#### (h) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are deducted from the carrying value of the relevant asset.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised in the year in which the claim is lodged with the Australian Tax Office. Amounts receivable are allocated in the financial statements against the corresponding expense or asset in respect of which the research and development concession claim has arisen.

#### (i) Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

#### (j) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and



## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 1 Summary of Significant Accounting Policies (continued)

maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight line or diminishing value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Asset Class	Depreciation Rate
Field equipment and vehicles	20%
Office equipment	33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(f)). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

#### (k) Mineral Exploration and Evaluation Expenditure

Mineral exploration and evaluation expenditure are written off as incurred or accumulated in respect of each identifiable area of interest and capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest is continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the income statement.

#### Farm-in arrangements (in the exploration and evaluation phase)

For exploration and evaluation asset acquisitions (farm-in arrangements) in which the Group has made arrangements to fund a portion of the selling partner's (farmer's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the financial statements as and when the exploration and development work progresses.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 1 Summary of Significant Accounting Policies (continued)

#### Farm-out arrangements (in the exploration and evaluation phase)

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Monies received pursuant to farm-in agreements are treated as a liability on receipt and until such time as the relevant expenditure is incurred.

#### (l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

#### (m) Employee Benefits

##### **Wages, Salaries and Annual Leave**

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### **Long Service Leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted at the corporate bond rate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### **Share Based Payments**

Share based compensation payments are made available to Directors and employees.

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

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. A discount is applied, where appropriate, to reflect the non-marketability and non-transferability of unlisted options, as the Black-Scholes option pricing model does not incorporate these factors into its valuation.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 1 Summary of Significant Accounting Policies (continued)

the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Upon the cancellation of options on expiry of the exercise period, or lapsing of vesting conditions, the balance of the share based payments reserve relating to those options is transferred to accumulated losses.

#### (n) Issued Capital

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.

#### (o) Earnings Per Share

##### (i) Basic earnings per share

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

##### (ii) 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.

#### (p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as a part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

#### (q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. No comparative information has been provided for the Group as the parent and economic entity only came into existence on 4 August 2017.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 1 Summary of Significant Accounting Policies (continued)

#### (r) Investments and Other Financial Assets

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### (ii) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### (s) Fair Value Estimation

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

##### (i) Trade and other receivables

The nominal value less estimated credit adjustments of trade receivables are assumed to approximate their fair values.

##### (ii) Trade and other payables

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### Note 2 Financial Risk Management

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

#### (a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from transactions with customers and investments.

##### *Trade and Other Receivables*

The current nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through its normal course of business are short term and the most significant recurring by quantity is receivable from the Australian Taxation Office, the risk of non-recovery of receivables from this source is considered to be negligible.



## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 2 Financial Risk Management (continued)

#### **Cash Deposits**

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Group currently has no significant concentrations of credit risk.

#### **(b) Liquidity Risk**

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

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

#### **(c) Market Risk**

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

#### **Interest Rate Risk**

The Group has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

#### **Foreign Exchange Risk**

The Group does not have any direct contact with foreign exchange fluctuations other than their effect on the general economy and capital markets.

### Note 3 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

#### **Accounting for Capitalised Exploration and Evaluation Expenditure**

The Group's accounting policy is stated at Note 1(k). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation. For the period ended 30 June 2018 the Group wrote off exploration expenditure of \$120,312.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 3 Critical Accounting Estimates and Judgements (continued)

#### *Accounting for Share Based Payments*

The values of amounts recognised in respect of share based payments have been estimated based on the fair value of the equity instruments granted. Fair values of options issued are estimated by using an appropriate option pricing model. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised. See Note 17 for details of inputs into option pricing models in respect of options issued during the reporting period.

### Note 4 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral exploration and resource development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Consolidated
	Period ended 30 June 2018 \$

### Note 5 Other Income

#### Operating Activities

Interest received and receivable	20,374
	<u>20,374</u>

### Note 6 Loss for the Year

#### Loss Before Income Tax Includes the Following Specific Benefits/(Expenses)

Depreciation:	
Motor vehicles and field equipment	3,764
Office equipment	580
	<u>4,344</u>
Employee expenses:	
Wages and salaries	159,677
Non-Executive directors' fees	53,973
Superannuation	24,280
Other employment expenses	12,836
	<u>250,766</u>

### Note 7 Income Tax

#### a) Income Tax Expense

Current income tax:	
Current income tax charge (benefit)	(470,073)
Current income tax not recognised	470,073
Deferred income tax:	
Relating to origination and reversal of timing differences	(380,649)
Deferred income tax benefit not recognised	380,649
Income tax expense/(benefit) reported in the income statement	<u>-</u>

#### b) Reconciliation of Income Tax Expense to Prima Facie Tax Payable

Profit/(Loss) from continuing operations before income tax expense	(749,702)
Tax at 30%	(224,911)
Tax effect of permanent differences:	
Non-deductible share issue costs	46,898
Capital raising costs claimed	(40,527)
Net deferred tax asset benefit not brought to account	(218,540)
Tax (benefit)/expense	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Consolidated
	Period Ended 30 June 2018 \$

### Note 7 Income Tax (continued)

#### c) Deferred Tax – Balance Sheet

##### Liabilities

Prepaid expenses	(4,221)
Capitalised exploration expenditure	(268,999)
	(273,220)

##### Assets

Revenue losses available to offset against future taxable income	470,073
Employee provisions	3,851
Accrued expenses	17,838
Deductible equity raising costs	162,107
	653,869

Net deferred tax asset not recognised	380,649
---------------------------------------	---------

#### d) Deferred Tax – Income Statement

##### Liabilities

Prepaid expenses	(4,221)
Capitalised exploration expenditure	(268,999)

##### Assets

Deductible equity raising costs	162,107
Accruals	17,838
Increase in tax losses carried forward	470,073
Employee provisions	3,851
Deferred tax benefit/(expense) movement for the period not recognised	380,649

The deferred tax benefit of tax losses not brought to account will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses of \$1,566,911 were incurred by Australian entities. The Company has received an allocation pursuant to the Junior Mineral Exploration Incentive (“JMEI”) Scheme for the financial year ended 30 June 2019, which if utilised by the Company will result in the Company foregoing a corresponding portion of its tax losses for that period.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Consolidated
	2018 \$

### Note 8 Current Assets - Cash and Cash Equivalents

Cash at bank and on hand	1,878,873
Deposits at call	1,999,999
	3,878,872

#### (a) Reconciliation to Cash at the End of the Year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents per statement of cash flows	3,878,872
---	-----------

#### (b) Deposits at Call

Amounts classified as deposits at call are short term deposits depending upon the immediate cash requirements of the Group and earn interest at the respective short term interest rates.

#### (c) Cash Balances Not Available for Use

There are no amounts included in cash and cash equivalents above that are pledged as guarantees or otherwise unusable by the Group.

### Note 9 Current Assets – Receivables

#### a) Trade and Other Receivables

Other receivables	14,383
GST recoverable	19,545
	33,928

Details of fair value and exposure to interest risk are included at Note 19.

### Note 10 Non-Current Assets – Investment in Controlled Entity

#### a) Investment in Controlled Entity

Subsidiary Company	Country of Incorporation	Ownership Interest
		2018
Black Cat (Bulong) Pty Ltd	Australia	100%

Black Cat (Bulong) Pty Ltd was incorporated in Western Australia on 4 August 2017.

The ultimate controlling party of the group is Black Cat Syndicate Limited.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 11 Non-Current Assets – Property, Plant and Equipment

	Note	Motor Vehicles and Field Equipment \$	Office Equipment \$	Total \$
Cost at the start of the financial period		-	-	-
Additions		45,167	5,248	50,415
<b>Cost at the end of the financial period</b>		<b>45,167</b>	<b>5,248</b>	<b>50,415</b>
Accumulated depreciation at the start of the financial period		-	-	-
Depreciation expense for the financial period		(3,764)	(580)	(4,344)
<b>Accumulated depreciation at the end of the financial period</b>		<b>(3,764)</b>	<b>(580)</b>	<b>(4,344)</b>
Net book value at the start of the financial period		-	-	-
<b>Net book value at the end of the financial period</b>		<b>41,403</b>	<b>4,668</b>	<b>46,071</b>

No items of property, plant and equipment have been pledged as security by the Group.

	Consolidated
	30 June 2018
	\$

### Note 12 Non-Current Assets – Capitalised Mineral Exploration and Evaluation Expenditure

#### *In the Exploration and Evaluation Phase*

Capitalised exploration costs at the start of the period	-
Total acquisition costs for the period (Note 13)	1,042,095
Total exploration costs for the period	947,511
Total exploration written off for the period	(120,312)
	<u>1,869,294</u>

Capitalised exploration costs at the end of the period

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

The capitalised exploration expenditure written off includes expenditure written off on surrender of, or intended surrender of, tenements.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 13 Acquisition of Exploration Assets

The Group completed the acquisition of exploration assets pursuant to the IPO in January 2018. The terms of the acquisitions were as follows:

- on 17 January 2018, the Group completed the acquisition of various mineral tenements (which comprised mining leases and exploration/prospecting licences) from the Emex Trust pursuant to an acquisition agreement for consideration of \$150,000, 1,000,000 ordinary fully paid shares and a 1% gross revenue royalty; and
- on 24 January 2018, the Group completed the acquisition of the Bulong Gold Project (which comprised a number of exploration and prospecting licences) from Bulong Mining Pty Ltd on the exercise of an option by payment of \$700,000.

In addition to the above transactions, the Group incurred further acquisition costs in respect of deposit and option fees of \$80,000, and stamp duty of \$12,095 in respect of settlement of the above agreements.

	<b>Consolidated</b>
	<b>30 June 2018</b>
	<b>\$</b>

### Note 14 Current Liabilities – Trade and Other Payables

Trade payables and accruals	<b>299,601</b>
Other payables	<b>14,128</b>
	<b>313,729</b>

Liabilities are not secured over the assets of the Group. Details of fair value and exposure to interest risk are included at Note 19.

### Note 15 Employee Entitlements

#### a) Current Liabilities

Liability for annual leave	<b>12,836</b>
	<b>12,836</b>

### Note 16 Issued Capital

#### a) Ordinary Shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

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

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.



## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 16 Issued Capital (continued)

	Issue Price	30 June 2018	
		No	\$
<b>b) Share Capital</b>			
Issued share capital		<b>57,260,002</b>	<b>5,792,125</b>
<b>c) Share Movements During the Period</b>			
Balance at the start of the financial period	-	-	-
Shares issued on incorporation	\$1.00	1	1
Shares issued to pre-IPO investors	\$0.011	19,760,001	222,300
Share issued to brokers pursuant to IPO	\$0.011	2,500,000	28,125
Shares issued to pre-IPO investors	\$0.10	4,000,000	400,000
Shares issued pursuant to IPO	\$0.20	30,000,000	6,000,000
Shares issued to acquire exploration assets (Note 13)	\$0.10	1,000,000	100,000
Less share issue costs	-	-	(958,301)
Balance at the end of the financial period		<b>57,260,002</b>	<b>5,792,125</b>

### Note 17 Options and Share Based Payments

#### Incentive Option Plan

The establishment of the Black Cat Syndicate Limited Directors Incentive Plan ("the Plan") was last approved by shareholders of the Company on 14 October 2017.

All eligible Directors, executive officers and employees of Black Cat Syndicate Limited who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the Plan.

At the date of this report no securities have been issued pursuant to the terms and conditions of the Plan.

#### Other Options

As at the date of this report 17,460,001 unissued ordinary shares of the Company are under option as follows:

Number of Options Granted	Exercise Price	Expiry Date
17,460,001	20 cents each	25 January 2023

All options on issue at the date of this report are vested and exercisable, subject to separate ASX and voluntary restrictions.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 17 Options and Share Based Payments (continued)

During the financial period the Company granted 5,500,000 unlisted options over unissued shares to brokers and advisers to the IPO completed during the period. In addition, 11,960,001 unlisted options were issued as securities attaching to share issues prior to the IPO. Subsequent to the end of the financial period the Company issued 400,000 unlisted options to employees of the Company pursuant to the Company's Incentive Plan.

During, or since the end of, the financial period;

- no options have been cancelled; and
- no shares have been issued on the exercise of options.

Options do not entitle the holder to:

- participate in any share issue of the Company or any other body corporate; and
- any voting rights until the options are exercised into ordinary shares.

### Reconciliation of Movement of Options Over Unissued Shares During the Period Including Weighted Average Exercise Price (WAEP)

	2018	
	No	WAEP (cents)
Options outstanding at the start of the period	-	-
Options issued during the period	17,460,001	20.0
Options exercised during the period	-	-
Options cancelled and expired unexercised during the period	-	-
Options outstanding at the end of the period	17,460,001	20.0

### Weighted Average Contractual Life

The weighted average contractual life for un-exercised options is 55 months.

### Basis and Assumptions Used in the Valuation of Options

The 5,500,000 options issued to brokers as lead manager to the IPO during the period were valued using the Black-Scholes option valuation methodology.

Date Granted	Number of Options Granted	Exercise Price (cents)	Expiry Date	Risk Free Interest Rate Used	Volatility Applied	Value of Options
24 Nov 2017	2,500,000	20	25 Jan 2023	2.24%	100%	\$8,591
12 Jan 2018	3,000,000	20	25 Jan 2023	2.24%	100%	\$450,586
						\$459,177

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 17 Options and Share Based Payments (continued)

No valuation has been undertaken for the 11,960,001 unlisted options issued attaching to the pre IPO share placements and as such not considered to be provided as consideration or remuneration.

	Consolidated	
	2018	
	Accumulated Losses	Equity Remuneration Reserve (i)
	\$	\$

### Note 18 Reserves and Accumulated Losses

Balance at the beginning of the year	-	-
Profit/(Loss) for the period	(749,702)	-
Movement in equity remuneration reserve in respect of options issued	-	459,177
		<hr/>
Balance at the end of the year	(749,702)	459,177

(i) The equity remuneration reserve is used to recognise the fair value of options issued and vested but not exercised.

### Note 19 Financial instruments

#### Credit Risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made, Note 2(a).

#### Impairment Losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

#### Interest Rate Risk

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

	Carrying Amount
	\$
<b>Variable rate instruments</b>	
Cash and cash equivalents	<hr/> <hr/> 3,878,872

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 19 Financial instruments (continued)

#### Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% Increase	1% Decrease	1% Increase	1% Decrease
<b>2018</b>				
<b>Variable rate instruments</b>	<b>19,394</b>	<b>(19,394)</b>	<b>19,394</b>	<b>(19,394)</b>

#### Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, Note 2(b):

Consolidated	Carrying Amount	Contractual Cash Flows	< 6 Months	6-12 Months	1-2 Years	2-5 Years	> 5 Years
	\$	\$	\$	\$	\$	\$	\$
<b>2018</b>							
<b>Trade and other payables</b>	<b>299,601</b>	<b>299,601</b>	<b>299,601</b>	-	-	-	-
	<b>299,601</b>	<b>299,601</b>	<b>299,601</b>	-	-	-	-

#### Fair Values

##### Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Consolidated 2018	
	Carrying Amount \$	Fair Value \$
Cash and cash equivalents	<b>3,878,872</b>	<b>3,878,872</b>
Trade and other payables	<b>(299,601)</b>	<b>(299,601)</b>
	<b>3,479,271</b>	<b>3,479,271</b>

The Group's policy for recognition of fair values is disclosed at Note 1(s).



## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 20 Dividends

No dividends were paid or proposed during the financial period ended 30 June 2018.

The Company has no franking credits available as at 30 June 2018.

### Note 21 Key Management Personnel Disclosures

#### (a) Directors and Key Management Personnel

The following persons were directors of Black Cat Syndicate Limited during the financial year:

- (i) *Non-Executive Chairman*  
Paul Chapman
- (ii) *Executive Director*  
Gareth Solly, Managing Director
- (iii) *Non-Executive Directors*  
Les Davis  
Alex Hewlett

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

#### (b) Key Management Personnel Compensation

A summary of total compensation paid to Key Management Personnel during the year is as follows:

	Period Ended 30 June 2018 \$
Total short-term employment benefits	163,973
Total share based payments	-
Total post-employment benefits	15,511
	179,484

#### (c) Other Transactions with Key Management Personnel

The Group has entered into a two year agreement with Stone Poneys Nominees Pty Ltd, an entity associated with Paul Chapman, in respect of the lease for the Group's offices. The annual cost of the lease, inclusive of variable outgoings is approximately \$26,253 per annum, further details of the lease agreement are provided in Note 24b. The lease is considered to be entered into on normal commercial terms.

During the period Tracey Chapman, a related party of Paul Chapman, provided administration support services to the Group amounting to \$46,674 (inclusive of superannuation).

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 22 Remuneration of Auditors

	Period Ended 30 June 2018 \$
Audit and review of the Company's financial statements	15,000
Other services – Investigating Accountant's Report	6,500
	<hr/>
Total	<u>21,500</u>

### Note 23 Contingencies

#### (i) Contingent Liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2018 other than:

#### Royalties

The Group is subject to a 1% gross revenue royalty in respect of minerals produced from the following tenements: E25/499, E25/512, E27/532, P25/2287, P25/2288, P25/2293, P25/2377 and P25/2378.

In addition, there may be other historical agreements relating to certain other tenements of the Group, which may, or may not, create an obligation on the Group to pay royalties on some or all minerals derived from some tenements upon commencement of production.

#### Native Title and Aboriginal Heritage

Native title claims have been made with respect to certain areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

#### (ii) Contingent Assets

There were no material contingent assets as at 30 June 2018.

### Note 24 Commitments

#### (a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may be varied as a result of renegotiations of the terms of the exploration licences or their relinquishment. The minimum exploration obligations are less than the normal level of exploration expected to be undertaken by the Group.

As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements and which cover the following twelve month period amount to \$252,560.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 24 Commitments (continued)

#### (b) Operating Lease Commitments

The Company has entered into a two year lease on its office Suite 6, 16 Nicholson Road, Subiaco on effective from 30 January 2018 at \$26,253 per annum, inclusive of variable outgoings (refer Note 21). Operating lease commitments are as follows:

	30 June 2018 \$
Due within one year	26,253
Due after one year but not more than five years	13,127
Due after more than five years	-
	39,380

#### (c) Contractual Commitments

There are no material contractual commitments as at 30 June 2018 not otherwise disclosed in the Financial Statements.

### Note 25 Related Party Transactions

Transactions with Directors during the period are disclosed at Note 21 – Key Management Personnel.

There are no other related party transactions, other than those already disclosed elsewhere in this financial report.

### Note 26 Events Occurring After the Balance Sheet Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Consolidated
	Period Ended 30 June 2018
	\$

### Note 27 Reconciliation of Loss After Tax to Net Cash Inflow from Operating Activities

Profit/(Loss) from ordinary activities after income tax	(749,702)
Depreciation	4,344
Exploration cost written off and expensed	141,088
Share issue costs expensed	156,328
<i>Movement in assets and liabilities:</i>	
(Increase)/Decrease in receivables	(4,219)
(Increase)/Decrease in accrued income	(14,071)
Increase/(Decrease) in payables	78,430
Increase/(Decrease) in employee leave liabilities	12,836
	12,836
Net cash outflow from operating activities	(374,966)

### Non-Cash Investing and Financing Activities

During the reporting period the Company issued 1,000,000 ordinary fully paid shares in respect of part consideration for the acquisition of exploration assets (refer Note 13).

The Company issued a total of 5,500,000 unlisted options to the lead manager to the Initial Public Offer in part consideration for services provided (refer Note 17).

### Note 28 Earnings Per Share

	Consolidated
	Period Ended 30 June 2018
<b>a) Basic Earnings Per Share</b>	<b>Cents</b>
Loss per share attributable to ordinary equity holders of the Company	(2.1)
<b>b) Diluted Earnings Per Share</b>	<b>Cents</b>
Loss per share attributable to ordinary equity holders of the Company	(2.1)
<b>c) Loss Used in Calculation of Basic and Diluted Loss Per Share</b>	<b>\$</b>
Consolidated profit/(loss) after tax from continuing operations	(749,702)



## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 28 Earnings Per Share (continued)

	Consolidated
	Period Ended 30 June 2018
<b>d) Weighted Average Number of Shares Used as the Denominator</b>	<b>No.</b>
Weighted average number of shares used as the denominator in calculating basic earnings per share	<u>35,603,274</u>
Weighted average number of shares used as the denominator in calculating diluted earnings per share	<u>35,603,274</u>

### Note 29 Parent Entity Information

	30 June 2018 \$
<b>Financial Position</b>	
<b>Assets</b>	
Current assets	3,794,863
Non-current assets	1,985,408
Total Assets	<u>5,730,571</u>
<b>Liabilities</b>	
Current liabilities	100,661
Non-current liabilities	-
Total Liabilities	<u>100,661</u>
<b>NET ASSETS</b>	<u>5,629,910</u>
<b>Equity</b>	
Issued Capital	5,792,125
Share based payments reserve	459,177
Accumulated losses	<u>(621,392)</u>
<b>TOTAL EQUITY</b>	<u>5,629,910</u>
Profit/(Loss) for the year	(621,392)
Other comprehensive income	-
Total comprehensive income	<u>(621,392)</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

### Note 29 Parent Entity Information (continued)

#### ***Guarantees Entered Into by the Parent Entity in Relation to the Debts of its Subsidiaries***

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

#### ***Contingent Liabilities***

For full details of contingencies see Note 23.

#### ***Commitments***

For full details of commitments see Note 24.



## DIRECTORS' DECLARATION

In the opinion of the Directors of Black Cat Syndicate Limited ("the Company"):

:

- (a) the financial statements and notes set out on pages 30 to 58 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the period ended on that date of the Group.
- (b) the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001.
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- (d) the financial statements comply with International Financial Reporting Standards as set out in Note 1.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial period ended 30 June 2018.

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

Signed at Perth this 28<sup>th</sup> day of September 2018.



**Gareth Solly**  
Managing Director



## INDEPENDENT AUDITOR'S REPORT



### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK CAT SYNDICATE LIMITED REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

We have audited the financial report of Black Cat Syndicate Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 period then ended, and notes to the financial statements comprising a summary of significant accounting policies and the Director's Declaration.

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 at 30 June 2018 and of its financial performance for the period 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 this report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matters

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

Key Audit Matter	How we addressed the Key Audit Matter
<b>Consideration of impairment of capitalised mineral exploration and evaluation expenditure</b>	
The carrying amount of capitalised mineral exploration and evaluation expenditure was a significant component of the Group's total assets at \$1,869,294 at 30 June 2018.	Our procedures included, but were not limited to: <ul style="list-style-type: none"> <li>▪ Conducting discussions with management regarding the criteria used in their impairment assessment and ensuring that this was in line</li> </ul>

Crowe Horwath Perth is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for the acts or omissions of financial services licensees.





## INDEPENDENT AUDITOR'S REPORT (continued)



Key Audit Matter	How we addressed the Key Audit Matter
<p>Exploration assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.</p> <p>This matter is considered a key audit matter due to the high degree of judgement required by the directors to assess whether impairment indicators are present for specified tenements held and due to the significance of the capitalised amount at 30 June 2018.</p> <p>The conditions and assessment undertaken in relation to impairment are disclosed in the Group's accounting policy Note 1(k) and Note 13 in the financial report.</p>	<p>with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p> <ul style="list-style-type: none"> <li>▪ Reviewing evidence of activities carried out and management intentions for the area of interest the Group holds, to corroborate the representations made by management during our discussions.</li> <li>▪ Assessed the Group's right to tenure by obtaining and assessing supporting documentation such as license agreements or renewals and any correspondence with relevant government agencies in connection with the renewal process.</li> <li>▪ Evaluating key assumptions adopted by management that support the position formed on whether the exploration and evaluation expenditure was impaired.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's 2018 Annual Report for the period ended 30 June 2018, 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 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 upon the work we have performed, we conclude that there is 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.

Crowe Horwath Perth is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for the acts or omissions of financial services licensees.

## INDEPENDENT AUDITOR'S REPORT (continued)



In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors either intend to liquidate the Group or 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. Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with 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 and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause 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 statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

Crowe Horwath Perth is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for the acts or omissions of financial services licensees.



## INDEPENDENT AUDITOR'S REPORT (continued)



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 be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current 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 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 21 to 27 of the directors' report for the period ended 30 June 2018.

In our opinion, the Remuneration Report of Black Cat Syndicate Limited for the period ended 30 June 2018 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.

**CROWE HORWATH PERTH**

**CYRUS PATELL**  
Partner

Signed at Perth, 28 September 2018

Crowe Horwath Perth is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for the acts or omissions of financial services licensees.

## ASX ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 1 October 2018.

### A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

#### Ordinary Fully Paid Shares

Distribution	Number of Shareholders	Securities Held
1 – 1,000	2	2
1,001 – 5,000	53	155,945
5,001 – 10,000	107	993,492
10,001 – 100,000	313	12,903,740
More than 100,000	103	43,206,823
<b>Totals</b>	<b>578</b>	<b>57,260,002</b>

There are 30 shareholders holding less than a marketable parcel of ordinary shares.

### B. SUBSTANTIAL SHAREHOLDERS

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Holder of Relevant Interest	Issued Ordinary Shares	
	Number of Shares	% of Shares
P Chapman	3,520,001	6.15%
A Hewlett	2,880,000	5.03%



## ASX ADDITIONAL INFORMATION (continued)

### C. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Ordinary Shares - Quoted	
	Number of Shares	% of Shares
Elefantino Pty Ltd	2,880,000	5.03%
LB and AF Davis <LB and AF Davis Super Fund>	2,400,000	4.19%
Stone Poneys Nominees Pty Ltd	2,168,889	3.79%
Suaron Capital Pty Ltd	2,000,000	3.49%
Briken Nominees Pty Ltd	1,600,000	2.79%
Ashok Parekh	1,380,000	2.41%
J and T Hardy <J and T Hardy Super Fund>	1,280,000	2.24%
Ivanhoe Investments Pty Ltd	1,280,000	2.24%
PB and CA Johnston <Johnston Family Account>	1,280,000	2.24%
Nameo Pty Ltd	1,280,000	2.24%
Chemco Superannuation Fund Pty Ltd	1,000,000	1.75%
Emex (WA) Pty Ltd	1,000,000	1.75%
Patina Resources Pty Ltd	1,000,000	1.75%
Pareto Nominees Pty Ltd	755,000	1.32%
WG and TJ Martin <TJM Superannuation Fund>	700,000	1.22%
Kobia Holdings Pty Ltd	600,000	1.05%
Fiona Solly	600,000	1.05%
Gareth Solly	600,000	1.05%
Stone Poneys Nominees Pty Ltd	590,000	1.03%
Equity Trustees Limited	546,000	0.95%
<b>Total</b>	<b>24,939,889</b>	<b>43.56%</b>

### D. UNQUOTED SECURITIES

#### Options over Unissued Shares

Number of Options	Exercise Price	Expiry Date	Number of Holders
400,000	22 cents	31 July 2022	2
<b>400,000</b>			

## ASX ADDITIONAL INFORMATION (continued)

### E. VOTING RIGHTS

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

There are no voting rights in respect of options over unissued shares.

### F. RESTRICTED SECURITIES

There are 24,007,878 ordinary fully paid shares on issue which are subject to escrow agreements, as follows:

- 9,815,000 shares restricted until 15 October 2018;
- 2,000,000 shares restricted until 24 November 2018;
- 1,000,000 shares restricted until 17 January 2019; and
- 11,192,878 shares restricted until 17 January 2020.

There are 17,460,001 unlisted options expiring on 17 January 2023 on issue that are subject to escrow agreements, as follows:

- 2,600,000 options restricted until 15 October 2018; and
- 14,860,001 options restricted until 17 January 2020.

### G. USE OF FUNDS

Pursuant to the requirements of ASX Listing Rule 4.10.19 the Company has used all funds raised from its IPO in a manner that is consistent with the prospectus and objectives outlined in the IPO document.