

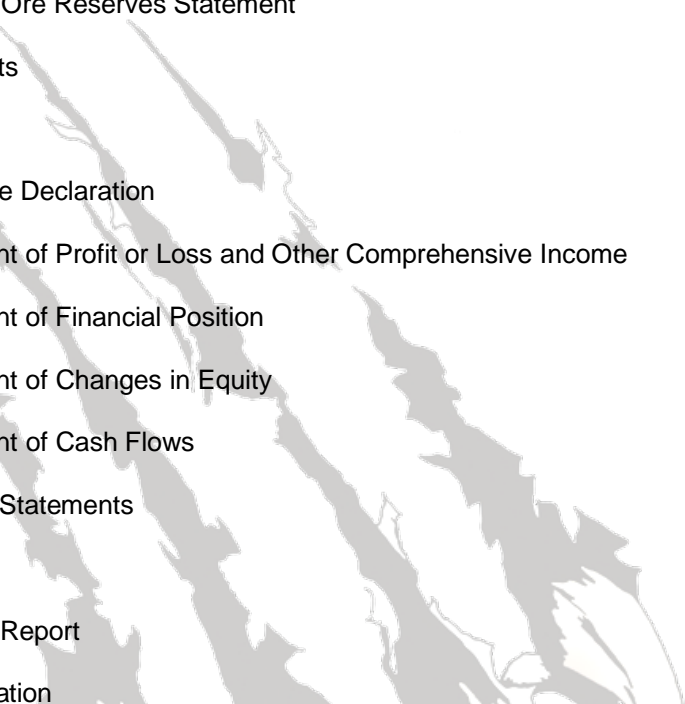
# BLACK CAT SYNDICATE LIMITED

ABN 63 620 896 282

# ANNUAL REPORT 2019

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## CORPORATE DIRECTORY

### Directors

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

### Joint Company Secretaries

Mark Pitts  
Dan Travers

### Principal Office

Unit 6, 16 Nicholson Road  
Subiaco, Western Australia 6008  
PO Box 572  
Floreat, Western Australia 6014  
Telephone 0458 007 713

### Registered Office

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PO Box 572  
Floreat, Western Australia 6014  
Telephone 0458 007 713

### Auditor

Crowe 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

### Australian Business Number

63 620 896 282

### Website

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

### 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 2019 Annual Report for Black Cat Syndicate Limited ("Black Cat" or "the Company").

We believe Black Cat offers the following opportunity to investors:

- we have maintained a tight capital structure and 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 undertaking the Myhree/Trump Feasibility Study with a view to a decision to mine in the June 2020 quarter;
- 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 maintained a tight capital structure and we are well funded**

Black Cat completed two capital raisings during the year to raise \$2.5M at \$0.20 and \$5.0M @ \$0.43. These raisings were strongly supported and were based on performance and delivering on what we said we would do.

We continue to be efficient with shareholder funds. At 30 September 2019, we had raised a total of \$9.7M from shareholders and had converted that into a market capitalisation of \$33.0M. Inception to date we have drilled 47,727m of RC and 3,297m of diamond. Our drilling has been highly efficient equating to 4oz of Resource per metre drilled.

In addition, discovery cost sits at \$22.27oz and acquisition cost has fallen to \$5.40oz.

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

Since Black Cat's last Annual Report, we have issued 34 market sensitive announcements at the rate of ~3.4 per month. This reflects our steady expansion of the Bulong Gold Project, ongoing drilling productivity and success as well as our drive towards transitioning to mining at Bulong.

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

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

- **Advanced Targets:** progress more mature targets to define Resources and economic deposits as quickly as possible. Myhree is potentially a base load producer with satellite deposits at Trump, Boundary, Queen Margaret and Melbourne United;
- **Emerging Targets:** assess emerging targets such as at Greater Woodline where recent Sub-audio Magnetic ("SAM") surveys may unlock the true potential of this high-grade area; and

## CHAIRMAN'S LETTER (CONTINUED)

- **Early Targets:** efficiently evaluate and prioritise more conceptual targets to ensure that scale opportunities are not overlooked. Myhree started as an early target and Bulong offers numerous opportunities to replicate this success.

### **We are undertaking the Myhree/Trump Feasibility Study with a view to a decision to mine in the June 2020 quarter**

Testwork and studies are well advanced with many results expected during the December 2019 quarter. Key achievements to date include:

- level 1 Flora and Fauna Survey has been completed with no threatened flora or fauna identified and no further studies required to progress to mining; and
- excellent metallurgical recoveries using regionally sourced water shows:  $\geq 95\%$  overall recovery in oxide, transitional and fresh rock (at a grind size of  $150\mu\text{m}$ ) and  $>50\%$  gravity gold recovery in fresh rock.

The Feasibility Study remains on schedule for completion in the June 2020 quarter.

### **We are in an excellent location being close to mills, infrastructure and 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 steadily increased our footprint in the area with some low key ground acquisitions. We also entered into a Joint Venture and Farm In agreement with Pioneer Resources Ltd to earn an interest of up to 75% in the prospective Balagundi tenement.

### **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 as Managing Director is a geologist by training and 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 Bulong.

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

Recently our team has been joined by Alistair Thornton appointed as Mining Study Manager and Iain Levy appointed as Senior Resource Geologist

Alistair Thornton is an experienced gold mining professional having managed the feasibility, development and mining of more than 20 open pits ranging in size from 500,000 to 6,000,000 bcm in the Kalgoorlie area. Alistair also has experience managing multiple mines including pits containing historic underground workings. This Mining Study Manager role will transition to a Project Development Manager and ultimately an operational role as Mining Manager upon successful completion of the Feasibility Study.

Iain Levy is an experienced resource geologist with a strong technical background ranging from early exploration through to mining. Iain is an expert in numerous industry software packages and has a thorough knowledge of JORC 2012 reporting criteria for exploration and Resource

## CHAIRMAN'S LETTER (CONTINUED)

reporting. Iain has worked in a range of commodities across Australia and internationally with excellent exposure to gold deposits in the Kalgoorlie district.

As we move to 2020, 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 started the year with \$3.9M in cash and completed a \$2.5M capital raising (@ \$0.20) on 2 May 2019. Pleasingly, approximately 78% of the Company's \$3.7M expenditure for the year was direct exploration spend. The Company finished the year with \$2.7M 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 128km<sup>2</sup> Bulong Gold Project ("Bulong") located close to infrastructure and 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 has been successful in building a high-quality Resource base of 206,000oz at Bulong (refer Table 1 and ASX announcement 23 September 2019) with the aim of advancing to production as quickly as possible. Numerous additional highly prospective targets exist at Bulong which offer potential for the Company to grow Resources from multiple deposits. SAM surveys have proven to be an excellent early targeting tool and additional surveys are planned for 2020 to expedite exploration at Bulong.

**Table 1: Total Indicated and Inferred Resources by Deposit\***

<b>Bulong Gold Project</b>	<b>Category</b>	<b>Tonnes</b>	<b>Grade</b>	<b>Contained Au</b>
		<b>'000 tonne</b>	<b>g/t</b>	<b>'000 ounces</b>
Myhree	Ind & Inf	1,388	2.7	119
Queen Margaret	Ind & Inf	358	2.3	27
Boundary	Ind & Inf	625	2.1	41
Trump	Ind & Inf	256	2.3	19
<b>Total</b>	<b>Total</b>	<b>2,627</b>	<b>2.4</b>	<b>206</b>

\* Refer to the Annual Mineral Resources and Ore Reserves Statement for a full Resource table grouped by Resource category. Small discrepancies may occur due to rounding.

### 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) also intercepted mineralised lodes 300m to the east of Queen Margaret, however this area has not seen follow up drill testing;

## REVIEW OF OPERATIONS (CONTINUED)

- 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 continued to consolidate ground at Bulong which contains numerous high-grade, near term, open pit and underground production targets. Black Cat has been focussed on using modern technology and techniques to test high priority shallow targets, validate historic results and build a Resource base, in advance of undertaking a Feasibility Study of several potential open cut operations.

### PROJECT LOCATION

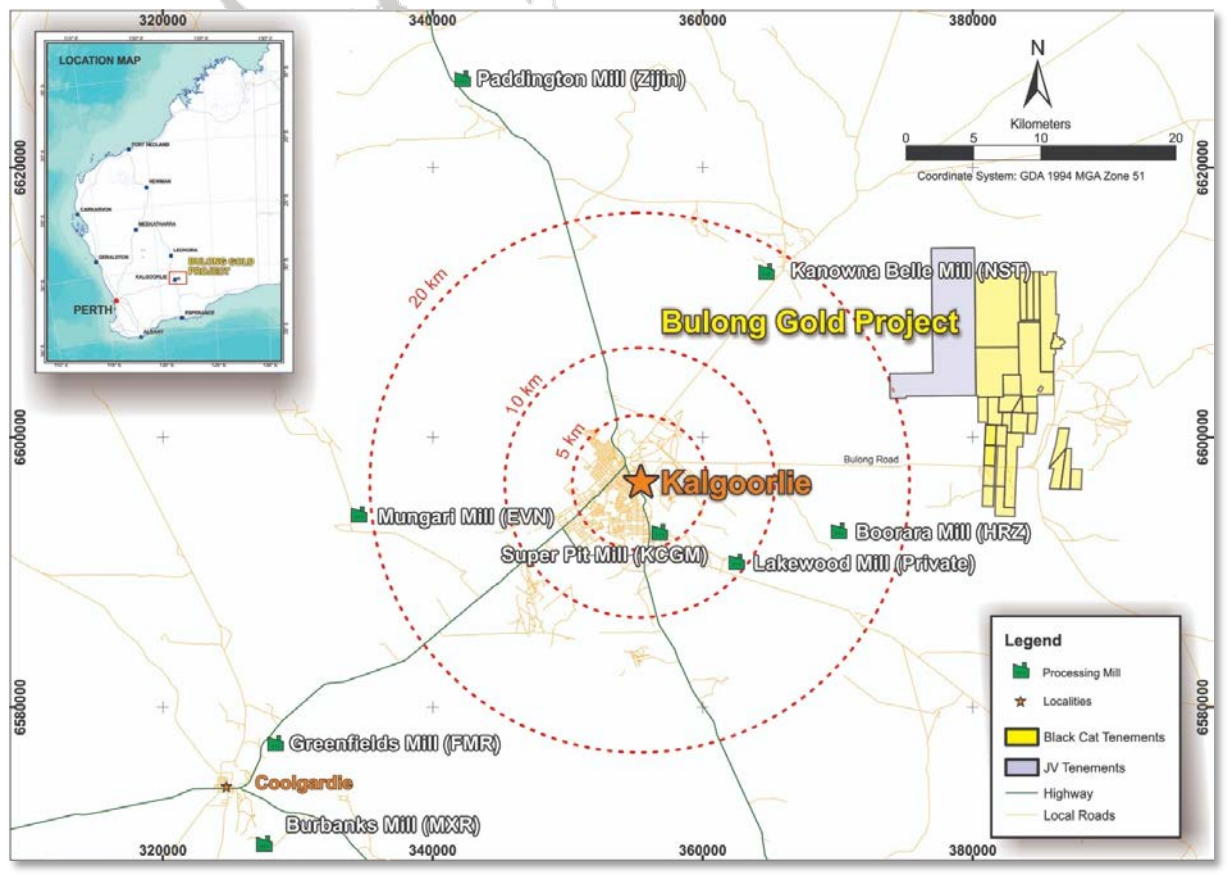


Figure 1: Regional map of Kalgoorlie showing the location of the Bulong Gold Project and infrastructure.



## REVIEW OF OPERATIONS (CONTINUED)

### OUR STRATEGY

Black Cat has delineated high-grade near surface Resources that are subject to a current Feasibility Study. Black Cat intends to continue identifying and growing additional Resources to underpin future mining operations. Black Cat is committed to:

- operating in a safe and sustainable manner;
- applying best practice exploration techniques to unlock resource potential;
- maximising in-ground exploration by maintaining low corporate overheads;
- building a high-quality Resource base at Bulong;
- transitioning the project to a decision to mine through the completion of a Feasibility Study; and
- 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 was only one reportable incident for Black Cat during the reporting period.

### EXPLORATION PROGRAMS

Black Cat is focussed on transitioning Bulong from a historic mining field to modern development through systematic, modern exploration techniques. Black Cat completed several significant milestones to aid this objective during the year, including:

- discovery of the Myhree deposit and extensional success at the Boundary and Trump deposits;
- defining a Resource of 206,000oz with significant growth potential; and
- initiation of a Feasibility Study leading to a potential decision to mine.

Other achievements during the year include:

- consolidation of landholdings with the acquisition of additional tenements west of Bulong, as well as entering into a Joint Venture and Farm In agreement with Pioneer Resources Ltd which increased Bulong from 87km<sup>2</sup> to 128km<sup>2</sup>;
- completion of two SAM surveys that are proving to be highly effective for targeting mineralisation;
- low cost reverse cycle ("RC") drilling with 228 holes drilled for 25,009m; and
- diamond drilling of 14 holes for 2,926m including Exploration Incentive Scheme ("EIS") sponsored drilling along the Queen Margaret line of workings.



Figure 2: Drilling at the historic Melbourne United Mine during 2018.

## REVIEW OF OPERATIONS (CONTINUED)



Figure 3: Deep drilling below the historic Queen Margaret Mine during 2018.

### 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. The Myhree-Boundary Corridor contains similar host rocks and mineralisation to the Queen Margaret Corridor and has significant potential to grow to both the north and south.

### Myhree

Myhree is named after historic mines between the Strathfield workings 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 historic air core drilling completed in 1992. In 1999, RAB drilling between Myhree and Boundary also intersected low grade mineralisation in several holes.

Black Cat commenced exploration in the area during late June 2018, targeting potential mineralisation below an anomaly in the soil geochemistry and interpreted NW structures. The discovery of mineralisation was reported in late July 2018. RC drilling continued throughout 2019. Significant results from drilling (refer ASX announcement 23 July, 10 October and 6 December 2018; and 12 March, 29 April, 20 May and 21 June 2109) included:

- 11m @ 8.30 g/t Au from 28m (18MYRC011);
- 11m @ 4.03 g/t Au from 104m (18MYRC019);
- 28m @ 5.06 g/t Au from 4m (19MYRC017);
  - o including 9m @ 6.64 g/t Au from 4m and 10m @ 7.55 g/t Au from 20m;
- 10m @ 4.24 g/t Au from 77m (19MYRC018);
- 10m @ 3.82 g/t Au from 113m (19MYRC043); and
- 3m @ 9.78 g/t Au from 21m (19MYRC057).

## REVIEW OF OPERATIONS (CONTINUED)

In total, Black Cat completed 82 RC holes for 10,183m during the year. Subsequent to the end of the year, Black Cat has continued to infill the deposit for future Resource upgrades. Drilling will also target potential extension to the deposit, which remains open both at depth and along strike, particularly to the south of Myhree where recent drilling has potentially intersected the offset extension to Myhree (Figure 4).

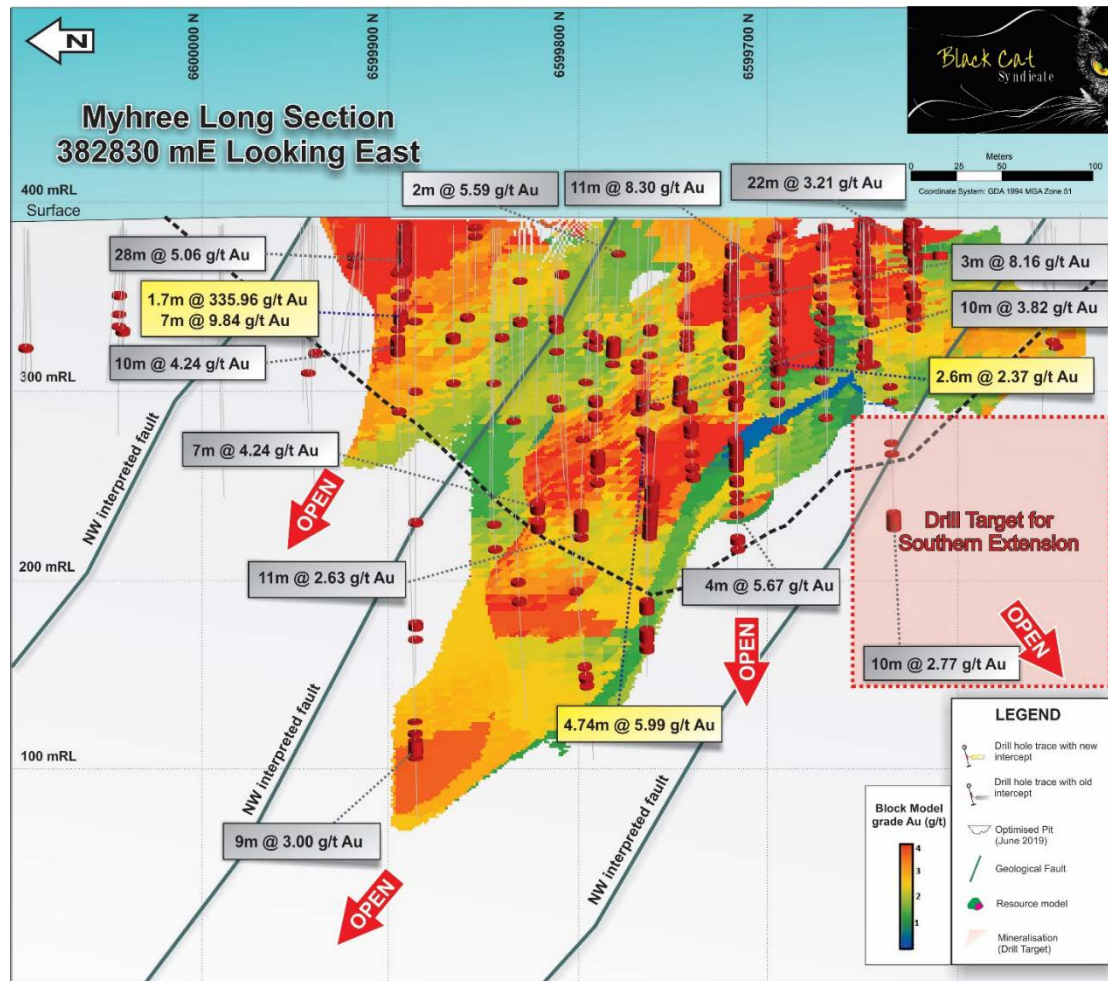


Figure 4: Myhree long-section showing recent drilling and the potential Myhree Southern Offset area.

The Resource for Myhree currently stands at 1.4M tonnes at 2.7 g/t Au for 119,000oz Au (see ASX announcement 16 July 2019).

### Boundary

The original Boundary deposit discovery site lies ~1.4kms to the north of Myhree (Figure 7) and was made 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.

## REVIEW OF OPERATIONS (CONTINUED)

Over the past year, Black Cat completed 67 holes for 7,452m of RC drilling and successfully extended known mineralisation to over 900m of strike. Additionally, 4 diamond holes for 620m were completed for initial geotechnical and metallurgical work. Significant results (refer ASX announcement 16 August, 28 August and 6 December 2018; and 5 May 2109) include:

- 3m @ 10.55 g/t Au from 84m (18BORC003);
- 11m @ 2.46 g/t Au from 106m (18BORC014);
- 12m @ 4.17 g/t Au from 67m (18BORC015);
- 7m @ 2.75 g/t Au from 69m(18BORC034); and
- 6m @ 4.67 g/t Au from 60m (19BORC007).

The current Resource stands at 630,000 tonnes at 2.1 g/t Au for 41,000oz (see ASX announcement 23 September 2019).

### Trump Corridor

The Trump Corridor lies on the western side of Bulong (Figure 7). Historic mining appears to be constrained to a 200m strike around the Trump workings, but a large area of prospective felsic stratigraphy stretches along this western side of Bulong. Historic intersections at Trump included:

- 3m @ 14.17 g/t Au from 57m (94BRC65);
- 1m @ 15.20 g/t Au from 41m (94BRC68); and
- 1m @ 12.60 g/t Au from 54m (94BRC65).

During the year, Black Cat completed 22 RC holes (1,921m), initiating drilling around the Trump workings to confirm the geology and to test geological concepts, then progressing drilling along strike to the north. Most holes intersected mineralisation within weathered porphyry and sediment within a sequence of ultramafic rock. Two diamond holes were also drilled during the December 2018 quarter to provide core for geology and initial geotechnical characteristics. Drilling results (refer ASX announcement 20 September 2018) included:

- 8m @ 4.13 g/t Au from 44m (18TRRC003);
- 3m @ 1.60 g/t Au from 74m (19TRRC006);
- 2m @ 2.54 g/t Au from 109m (18TRRC011); and
- 3m @ 2.70 g/t Au from 68m (18TRRC014).

Trump remains open at depth and to the north. The southern area of the historic Trump workings is yet to be tested and the potential for additional mineralised structures along the Trump Corridor is excellent.

The current Trump Resource stands at 260,000 tonnes at 2.3 g/t Au for 19,000oz (see ASX announcement 23 September 2019).

## REVIEW OF OPERATIONS (CONTINUED)

### Queen Margaret Corridor

The Queen Margaret Corridor is a ~6km strike of workings in the southern half of Bulong. There is negligible cover in this corridor which allowed gold to be found at surface pre-WW1. This was the focus of most of the historic mining, producing ~152,000oz of gold. The Queen Margaret was the largest mine at Bulong and produced over 96,000oz @ > 1 oz/t Au. Black Cat has mapped over 500 shafts along the length of this corridor.

During the year, Black Cat conducted RC drilling around the historic workings at Queen Margaret and produced numerous significant results from drilling (refer ASX announcement 16 May and 26 July 2018) including:

- 18QMRC099, 2m @ 7.37 g/t Au from 52m (Footwall lode);
- 18QMRC060, 3m @ 116.33 g/t Au from 0m (Internal lode); and
- 18QMRC056, 4m @ 9.16 g/t Au from 33m (Internal lode).

These results were in addition to better historic results that include:

- BAC70, 2m @ 34.84 g/t Au from 48m\*\*;
- 93BRC6, 7m @ 8.75 g/t Au from 61m\*\*; and
- BAC70, 3m @ 9.94 g/t Au from 22m\*\*.

In addition, six RC holes (378m) were drilled during November 2018 to confirm that the Melbourne United mineralisation style was similar to the Queen Margaret Porphyry and has the potential to extend the JORC Resource work at Queen Margaret. Results confirmed the presence of high-grade narrow vein Queen Margaret style mineralisation within the Felsic Porphyry. Better results (refer ASX announcement 19 December 2018) included:

- 18MBRC004, 3m @ 13.44 g/t Au from 24m; and
- 18MBRC005, 2m @ 17.49 g/t Au from 61m.



Figure 5: Black Cat's rapidly filling RC sample farm located at Queen Margaret.

## REVIEW OF OPERATIONS (CONTINUED)

The maiden Resource for Queen Margaret and Melbourne United was announced in February 2019 (see ASX announcement 18 February 2019) for 359,000 tonnes at 2.3 g/t Au for 27,000oz Au.

### **Exploration Incentive Scheme (“EIS”) Sponsored Queen Margaret, Melbourne and Strathfield**

Four deep EIS diamond holes (1,707m) were completed along the Queen Margaret Corridor during the December 2018 Quarter. Two diamond holes were drilled under Queen Margaret and one under each of Melbourne United and Strathfield. EIS is a merit-based scheme which allows a 50% refund of direct drilling costs. The purpose of the diamond holes was to better understand the stratigraphic and structural controls on the high-grade gold mineralisation throughout the Corridor.

The first two EIS diamond holes drilled below the historic Queen Margaret Mine both intersected the Queen Margaret Porphyry in the predicted position and were ~17m down hole thickness with strong alteration mineralogy. Drilling encountered komatiitic ultramafic rocks in the hangingwall of the mine stratigraphy, with siltstones and a polymictic conglomerate adjacent to the mineralised porphyry. The footwall was dominated by polymictic conglomerate, which was, in places, entirely composed of pyritic black shale clasts. Both the hangingwall and footwall contacts with the felsic unit were sheared and the felsic unit contained abundant quartz veins with associated sericite alteration and disseminated pyrite. Some of the internal quartz veins also showed the presence of galena with fine visible gold noted in one vein adjacent to the hangingwall contact. Results included (refer to ASX announcement 19 December 2018):

- 18QMDD001, 0.2m @ 21.0 g/t Au from 360.9m; and
- 18QMDD002, 0.79m @ 2.30 g/t Au from 440.0m.

These results show that the prospective Queen Margaret stratigraphy continues at depth in predictable positions.

The third diamond hole tested underneath the Melbourne United workings to assess the footwall and to refine the geological interpretation of the strike extent of the Queen Margaret/White Horse/Melbourne United area. 18MBDD001 was collared into komatiitic ultramafic and drilled to 335m. The target zone was encountered as predicted at ~160m and encompassed a sequence of pyritic black shale and sheared ultramafic with minor quartz veining.

The fourth diamond hole, 18SFDD001, was drilled at Strathfield to 300m and was designed to test the stratigraphy at depth below the existing shallow mineralisation as well as to test for the source of an alluvial nugget patch located to the east. The hole was collared in komatiitic ultramafic, with the prospective felsic horizon intersected at the predicated depth with a downhole thickness of 14m. Intercalated zones of sediment were observed within the felsic unit, similar to Queen Margaret. Beneath the felsic was a mixture of sediments including siltstone, black shale and polymictic conglomerate as well as an ultramafic unit.

## REVIEW OF OPERATIONS (CONTINUED)

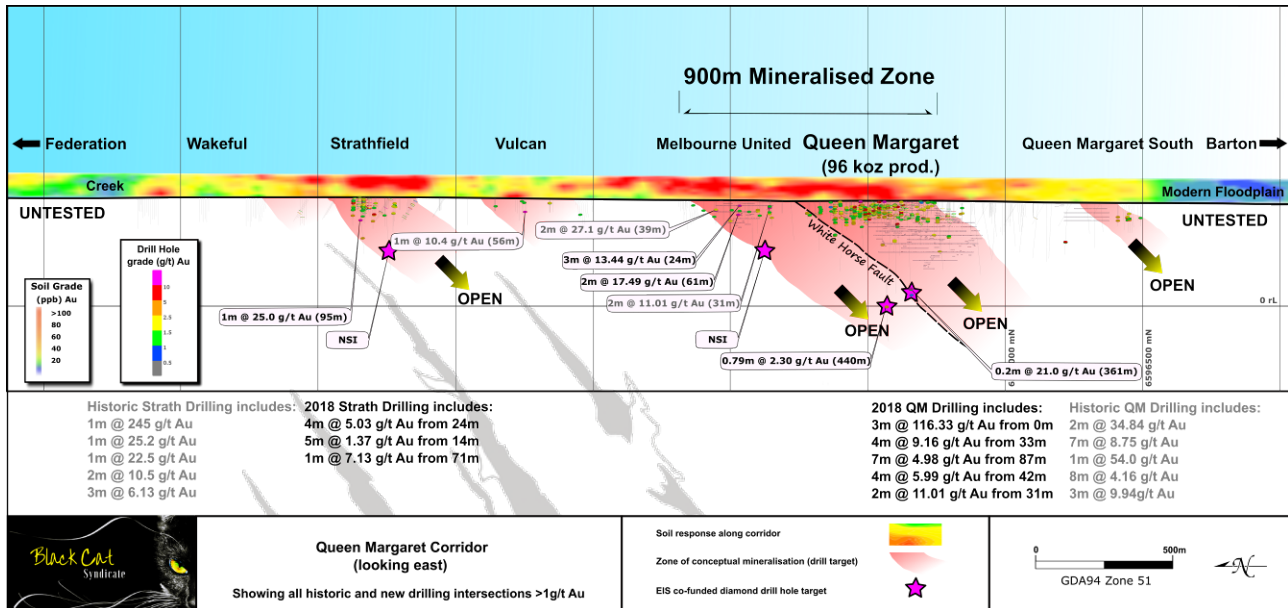


Figure 6: Long Section of the Queen Margaret Corridor showing location of EIS co-funded diamond holes

The Queen Margaret Corridor has seen limited activity during the year as the discovery of the shallow high-grade Resource at Myhree became a priority. In addition, Black Cat contributed to a Geological Survey of Western Australia (GSWA) funded 2D seismic survey over Bulong and results from that survey are expected to assist in targeting around Queen Margaret.

### Greater Woodline

Anomaly 38 is a high-grade target in the Greater Woodline area in the north east part of Bulong. Previous drilling in the 1990s identified high-grade mineralisation with better grades trending on a NW orientation, including:

- 3m @ 21.09 g/t Au from 81m (BURC023)\*\*;
- 2m @ 13.65 g/t Au from 14m (BURC031)\*\*;
- 2m @ 47.6 g/t Au from 116m (BURC025)\*\*; and
- 7m @ 9.37 g/t Au from 31m (BURC026)\*\*.

Black Cat drilled 10 holes for 1,250m during the year to test this inferred NW oriented structure for grade continuity. Results (refer ASX announcement 6 November 2018) included 2m @ 22.10 g/t Au from 73m and 1m @ 4.62 g/t Au from 98m (19AARC009).

A (subsequent) SAM survey was conducted over the Greater Woodline area which has highlighted numerous targets in the area. Drilling is scheduled to commence at Anomaly 38 and other targets in the Greater Woodline area in the December 2019 quarter.



## REVIEW OF OPERATIONS (CONTINUED)

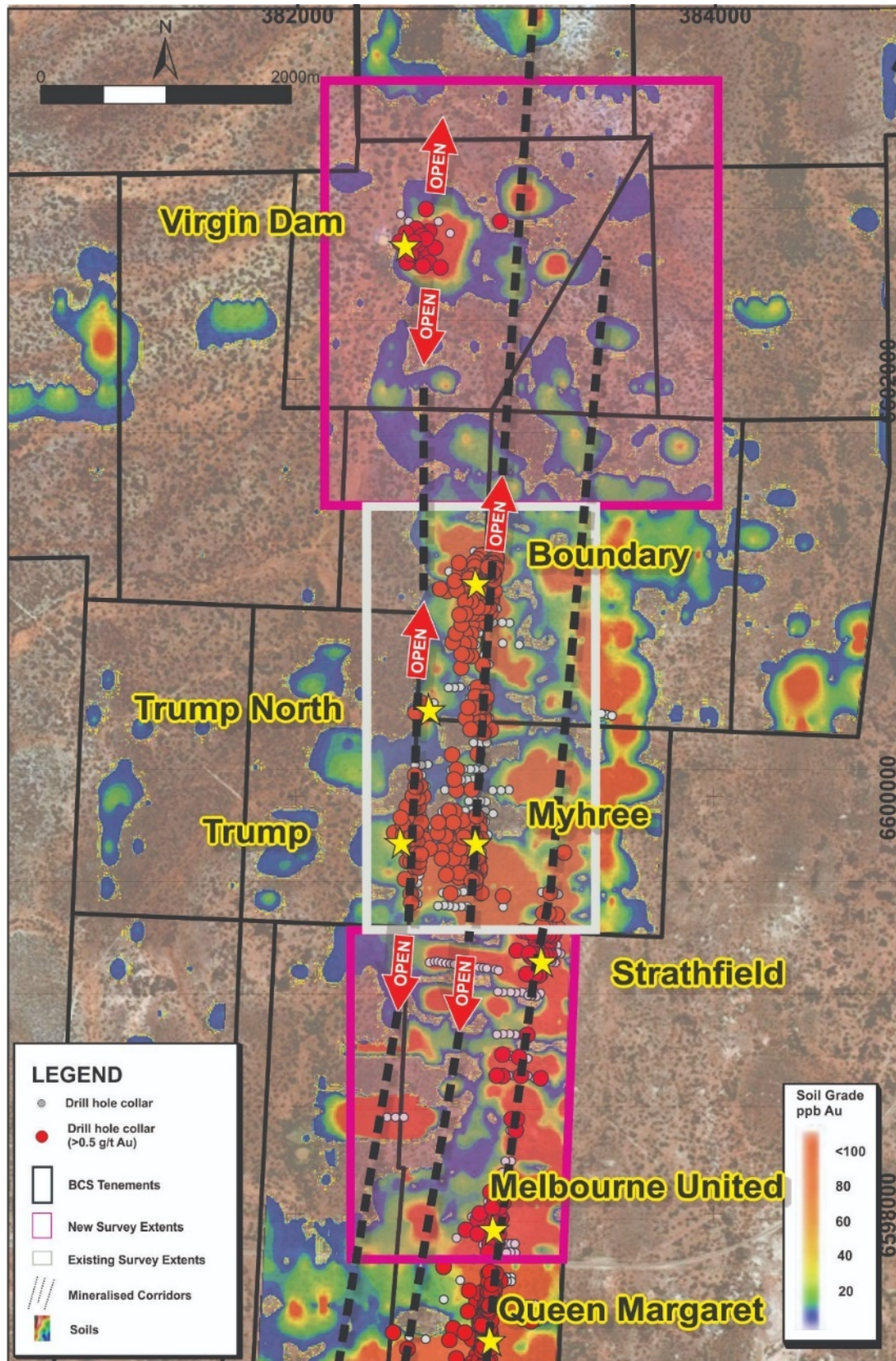


Figure 7: Location map of the southern corridors, showing soil anomalism and SAM survey coverage.



## REVIEW OF OPERATIONS (CONTINUED)

### **SAM Geophysical Surveys**

Two SAM surveys were undertaken along the Myhree-Boundary-Trump Corridors and the Woodline-Anomaly 38 area during the year. The surveys covered a combined area of ~5km<sup>2</sup>. Interpretation of the SAM surveys and subsequent drill testing of identified targets has proven successful. SAM surveys have proven to be an excellent early targeting tool and additional surveys are planned for 2020 to expedite exploration at Bulong.

### **2D Seismic Survey Participation**

Black Cat contributed funding to have the GSWA Eastern Goldfield 2D high resolution seismic survey extended across the Bulong Project. The survey images geology at depths of between 300m and 5,000m showing the deep fault architecture responsible for gold transport. This information, combined with geological data, will assist to visualise the prospective southern corridors well below any existing drillhole data (refer ASX announcement 5 April 2019 for further details).

The survey has been completed and interpretation of these results are expected in the December 2019 quarter.



*Figure 8: Renegade seismic vibrator in action in the Eastern Goldfields. These 80,000 lb units, operated by Velseis, are the most powerful seismic sources available in Australia and provide superior deep stratigraphic images.*

### **Expanding Project and Strong Resource Growth Potential**

Black Cat expanded the size of Bulong by 46% through entering into a Joint Venture and Farm-in Agreement with Pioneer Resources Ltd to earn an interest of up to 75% in the Balagundi tenement (see ASX announcement 25 July 2019). Black Cat considers the ground to be highly prospective for gold with similarities to the under-drilled ground to the north of the Boundary deposit and numerous soil targets requiring drilling (Figure 9).



## REVIEW OF OPERATIONS (CONTINUED)

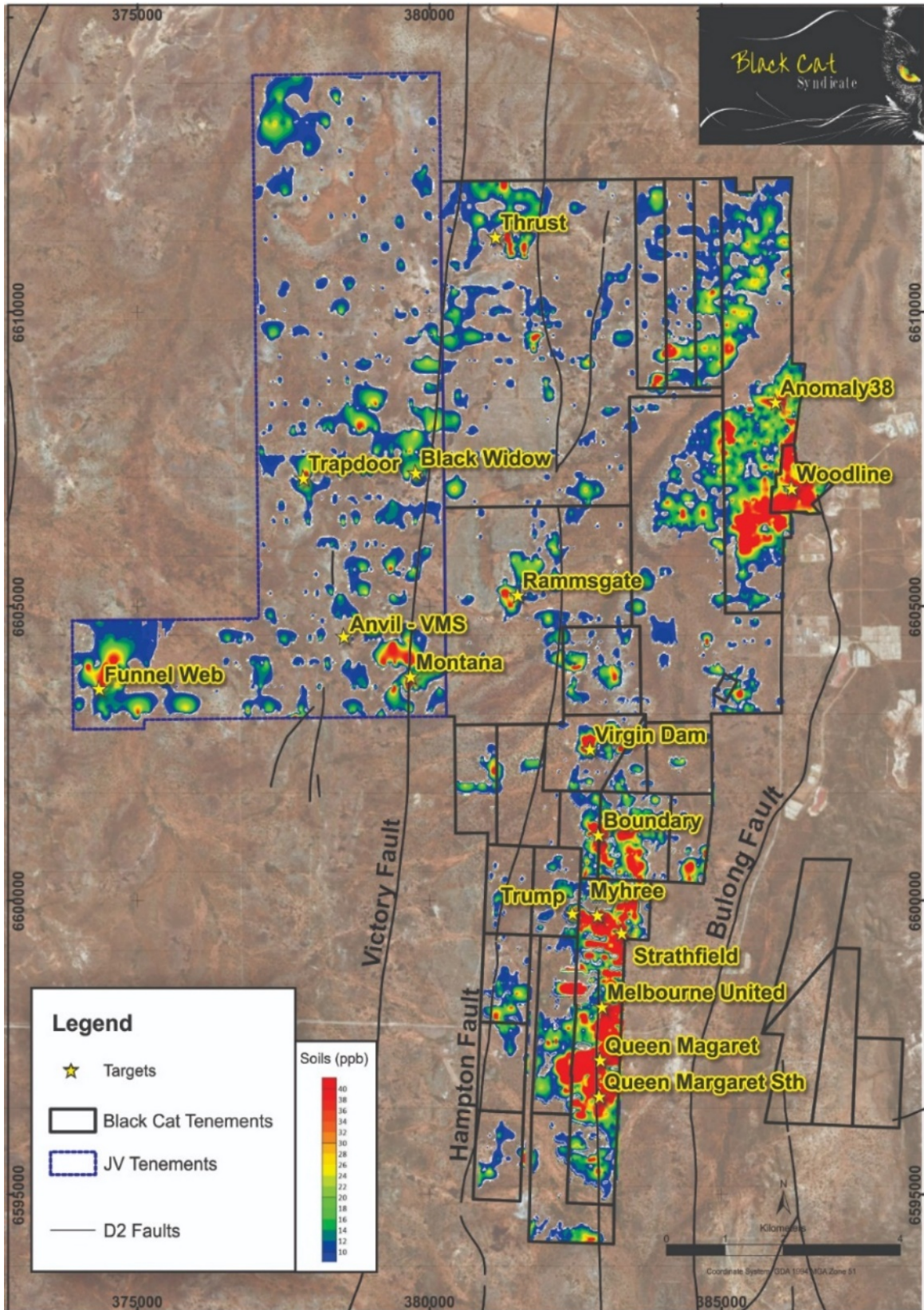


Figure 9: Targets over gold in soil anomalism (>10ppb Au) at Bulong.

## REVIEW OF OPERATIONS (CONTINUED)

### Summary of Drilling at Bulong Gold Project

During the year, 27,935m of drilling was completed including 228 RC holes for 25,009m and 14 diamond holes for 2,926m as summarised in the following table:

Area	Target	Objective	# RC Holes	Total RC (m)	# DD Holes	Total DD (m)
Myhree-Boundary Corridor	Boundary	RC extension to South	67	7,452	4	620
	Myhree	RC extension to North	82	10,183	0	0
Trump Corridor	Trump	RC extension to North	22	1,921	2	330
Queen Margaret Corridor	Strathfield	RC northern extension	4	229	1	300
	Queen Margaret		15	2,206	6	1,245
	Melbourne United		6	381	1	431
Greater Woodline	Anomaly 38		10	1,250	-	-
	Woodline		4	420	-	-
	Solitaire		6	444	-	-
Other	Chapmans Find		3	240	-	-
	Galore		9	283	-	-
FY2019	Total		228	25,009	14	2,926

### FEASIBILITY STUDY

Black Cat considers the Resources at Bulong have a reasonable expectation of being mined by taking into account the depth, thickness and grades of the deposits and proximity to existing infrastructure such as roads, power, residential workforce, service contractors and regional mills. For these reasons and as Myhree is the most advanced, Black Cat has now commenced a Feasibility Study to progress Myhree/Trump to a decision to mine (refer to ASX announcement 10 October 2019 for a summary of feasibility work undertaken to date).

The Feasibility Study will be completed in the June 2020 quarter and will include:

- infill drilling to convert Inferred Resources to Measured and Indicated;
- diamond drilling for geotechnical studies and metallurgical test work;
- pre-development environmental baseline work and general permitting;
- maiden Ore Reserve calculations;
- assessment of toll milling options including schedule availability and cost; and
- assessment of contract mining and financing options.

## REVIEW OF OPERATIONS (CONTINUED)

Key results to date include

- level 1 Flora and Fauna Survey has been completed with no threatened flora or fauna identified and no further studies required to progress to mining.
- excellent metallurgical recoveries using regionally sourced water shows:  $\geq 95\%$  overall recovery in oxide, transitional and fresh rock (at a grind size of  $150\mu\text{m}$ ) and  $>50\%$  gravity recovery in fresh rock.

Other testwork and studies are well advanced with many results expected during the December 2019 quarter. The Feasibility Study remains on schedule for completion in the June 2020 quarter.

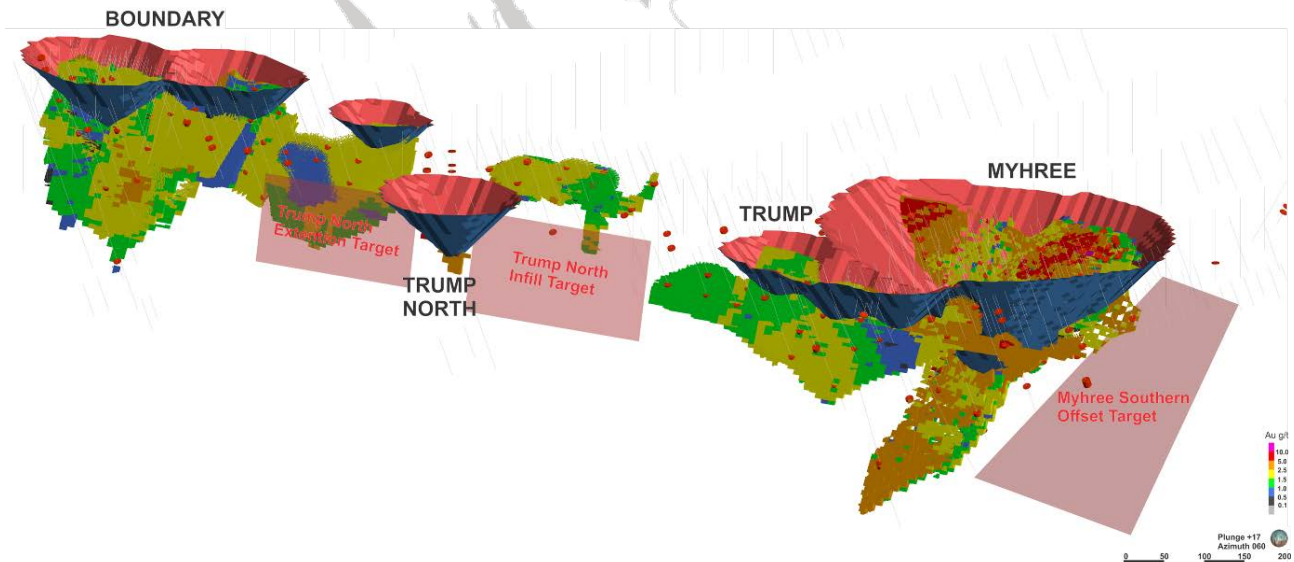


Figure 10: Schematic showing A\$1,800oz optimised pit shells over the Myhree, Boundary and Trump Resources with immediate infill and extensional targets.

Black Cat confirms that it is not aware of any new information or data that materially affects the information in the original reports (referencing historic and new Company announcements), and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

Where the Company refers to Resources in this report (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Resource estimates with that announcement continue to apply and have not materially changed.

\*\* 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.

# MINERAL RESOURCES AND ORE RESERVES STATEMENT

## JORC 2012 RESOURCES

Bulong Resources as at 30 September 2019

Mineral Resource Estimate for Bulong – As at 23 September 2019 (A\$1,800 Shells RL Selected)													
Deposit	Cut-Off (Au g/t)	Measured			Indicated			Inferred			Total		
		Tonnes	Grade	Metal	Tonnes	Grade	Metal	Tonnes	Grade	Metal	Tonnes	Grade	Metal
Queen Margaret OP	1	-	-	-	36,000	2.2	3,000	154,000	1.7	9,000	190,000	1.8	12,000
Queen Margaret UG	2	-	-	-	0	0.0	0	72,000	2.4	6,000	72,000	2.4	6,000
Melbourne United OP	1	-	-	-	0	0.0	0	67,000	2.8	6,000	67,000	2.8	6,000
Melbourne United UG	2	-	-	-	0	0.0	0	29,000	3.0	3,000	29,000	3.0	3,000
Boundary OP	1	-	-	-	124,000	2.2	9,000	351,000	1.9	21,000	475,000	2.0	30,000
Boundary UG	2	-	-	-	0	0.0	0	150,000	2.3	11,000	150,000	2.3	11,000
Trump OP	1	-	-	-	25,000	3.0	2,000	202,000	2.1	14,000	227,000	2.2	16,000
Trump UG	2	-	-	-	0	0.0	0	29,000	3.1	3,000	29,000	3.1	3,000
Myhree OP	1	-	-	-	377,000	2.7	33,000	851,000	2.6	71,000	1,228,000	2.6	104,000
Myhree UG	2	-	-	-	0	0.0	0	160,000	2.9	15,000	160,000	2.9	15,000
<b>Total</b>	-	-	-	-	<b>562,000</b>	<b>2.6</b>	<b>47,000</b>	<b>2,065,000</b>	<b>2.4</b>	<b>159,000</b>	<b>2,627,000</b>	<b>2.4</b>	<b>206,000</b>

The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

## MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

Black Cat released its maiden Mineral Resource Estimate (MRE) during the 2019 reporting period. The Mineral Resource covered the deposits of Queen Margaret (including Melbourne United), Boundary, Trump, and Myhree for 1.4M tonnes at 2.5 g/t Au for 109,000oz of Au (see ASX announcement 18 February 2019). The maiden resource remained unchanged as at 30 June 2019.

Since 30 June 2019, the Mineral Resources at Myhree (see ASX announcement 16 July 2019) and Boundary and Trump (see ASX announcement 23 September 2019), have been updated to reflect additional drilling that has been completed. As at 30 September 2019, the new total Mineral Resources for Bulong is 2.6M tonnes at 2.4 g/t Au for 206,000oz Au.

### **Governance**

Black Cat ensures that Resources are subject to governance arrangements and internal controls activated at a site and corporate level.

All aspects of the Resource process follow a high level of industry standard practices. Contract RC and diamond drilling is overseen by experienced personnel, with completed holes subject to downhole gyroscopic survey and collar coordinates surveyed with DGPS. Geological logging and sampling are completed by Black Cat geologists. Black Cat also uses field quality control ("QC") procedures, including addition of standards, blanks and duplicates ahead of assaying which is undertaken using industry standard fire assay at Bureau Veritas laboratories in Kalgoorlie.

All drilling information is continually validated and managed by a database consultant. Geological models and wireframes are built using careful geological documentation and interpretations, all of which are validated by peer review. Resource estimation is undertaken by an independent consultant and reported under JORC 2012. Estimation techniques are industry standard and include block modelling using Ordinary Kriging. Application of other parameters including cut off grades, top cuts and classification are all dependent on the style and nature of mineralisation being assessed.

### **ORE RESERVES**

There are no ore reserves stated at either 30 June 2018 or 30 June 2019. No Ore Reserve estimation has been completed to date at Bulong but Black Cat intends to publish a maiden ore reserve on completion of the Myhree/Trump Feasibility Study.

### **Competent Person Statement**

This Mineral Resources Statement as a whole has been approved by Mr Iain Levy. Mr Levy is a holder of shares and options in, and is a full-time employee of, the Company, and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Levy has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Levy has approved this Mineral Resources and Ore Reserves Statement as a whole and consents to its inclusion in the Annual Report in the form and context in which it appears.

In relation to Mineral Resources and Ore Reserves, the Company confirms that all material assumptions and technical parameters that underpin the relevant market announcement continue to apply and have not materially changed.

## MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

Information relating to specific Mineral Resources and related announcements can be found in the table below. For specific information about a resource please refer to the corresponding announcement:

Mineral Resource	Competent Person	ASX Announcement Date
Queen Margaret	Mr Matt Karl	18 February 2019
Melbourne United	Mr Matt Karl	18 February 2019
Boundary	Mr Matt Karl	18 February 2019
Trump	Mr Matt Karl	18 February 2019
Myhree	Mr Matt Karl	18 February 2019
Myhree	Mr Matt Karl	16 July 2019
Boundary	Mr Matt Karl	23 September 2019
Trump	Mr Matt Karl	23 September 2019

The information in this report that relates to geology and exploration results and planning for all Mineral Resources was compiled by Mr Edward Summerhayes, who is a Member of the AusIMM and an employee and option holder of the Company. Mr Summerhayes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Summerhayes consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to the Estimation and Reporting of Mineral Resources has been compiled by Mr Matthew (Matt) Karl BSc/MSc. Mr Karl is a full-time employee of Mining Plus Pty Ltd and has acted as an independent consultant on the Queen Margaret, Melbourne United, Boundary, Trump, and Myhree Deposits' Mineral Resource estimation. Mr Karl is a Member of the Australasian Institute of Mining and Metallurgy and of the Australian Institute of Geologists and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("the JORC Code"). Mr Karl consents to the inclusion in this report of the contained technical information relating the Mineral Resource Estimation in the form and context in which it appears.

The Company 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 Person's findings are presented have not been materially modified from the original reports.

# ANNUAL REPORT 2019

## SUMMARY OF TENEMENTS

As at 7 October 2019

Lease	Location	Project Name	Area (km <sup>2</sup> )	Status	% Interest
E25/0499	Bulong	Ramsgate	9.8	Live	100%
E25/0512	Bulong	Woodline West	10.1	Live	100%
E25/0520	Bulong	Anomaly 38	8.3	Live	100%
E27/0532	Bulong	Thrust	18.4	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	Live	100%
P25/2254	Bulong	Hampton Hill	1.22	Live	100%
P25/2478	Bulong	East Bulong	1.21	Live	100%
P25/2479	Bulong	East Bulong	1.92	Live	100%
P25/2480	Bulong	East Bulong	1.83	Live	100%
P25/2481	Bulong	East Bulong	1.68	Live	100%
E27/0558	Balagundi	Balagundi	40.6	Live	0% +
E28/2809	Avoca Downs	Rowes Find	39.8	Pending	0%
P25/2624	Bulong	Bulong	1.22	Pending	0%
P25/2625	Bulong	Bulong	1.22	Pending	0%
P25/2632	Bulong	Hampton Hill	1.22	Pending	0%
<b>Total Area</b>			<b>168.19</b>		

+ BC8 earning up to 75% as per Farm In and Joint Venture agreement dated 25 July 2019.





# CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended  
30 June 2019





## 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 year ended 30 June 2019.

### 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 and/ or director of the following ASX listed companies: Reliance Mining; Encounter Resources; Rex Minerals; Silver Lake Resources and Paringa Resources. Paul is currently a director of Western Australia based explorer, Encounter Resources Limited (ASX:ENR) and Dreadnought Resources Limited (ASX:DRE) 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 20 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 Chairman of ASX listed explorer Spectrum Metals Limited (ASX:SPX) and was a director of Hammer Metals Limited until 1 October 2018.

## 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, 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	6,385,391	811,112
G Solly	1,325,000	1,700,000
L Davis	3,500,000	2,150,000
A Hewlett	2,880,000	2,880,000

Included in the Directors' interests in Unlisted Options, there are 7,541,112 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 2019, and the number of meetings attended by each Director are as follows:

Director	Board of Directors' Meetings	
	Eligible to Attend	Attended
P Chapman	9	9
G Solly	9	9
L Davis	9	9
A Hewlett	9	8

## DIRECTORS' REPORT (CONTINUED)

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial period was mineral exploration at the Company's Bulong Gold Project 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 \$1,131,029 (2018: \$749,702).

At the end of the financial period the Group had \$2,708,539 (2018: \$3,878,872) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure at the end of the financial year was \$4,592,835 (2018: \$1,862,294).

### REVIEW OF ACTIVITIES

#### Exploration

Activities for the financial period have been focussed at the Company's Bulong Gold Project ("Bulong") near Kalgoorlie, Western Australia. These activities have resulted in resource estimates at a number of prospects at Bulong (refer ASX announcement 23 September 2019) whilst undertaking various exploration programs targeting future resource growth and commencing a feasibility study to assess Bulong's economic potential.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

### OPTIONS OVER UNISSUED CAPITAL

#### Unlisted Options

As at the date of this report 17,341,112 unissued ordinary shares of the Company are under option as follows:

Number of Options Granted	Exercise Price	Expiry Date
14,791,112	20 cents	25 January 2023
400,000	22 cents	31 July 2022
1,450,000	40 cents	25 June 2023
700,000	60 cents	2 August 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 1,850,000 options over unissued shares to directors and employees pursuant to shareholder approval and/or the terms and conditions of the Black Cat Syndicate Incentive Option Plan.



## DIRECTORS' REPORT (CONTINUED)

No options were exercised or cancelled during the financial period.

Since the end of, the financial period:

- 700,000 options exercisable at 60 cents each and expiring 2 August 2023 have been issued to employees;
- no options have been cancelled; and
- 2,668,889 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.

### ISSUED CAPITAL

	Number of Shares on Issue	
	2019	2018
Ordinary fully paid shares	<b>69,760,002</b>	57,260,002

### DIVIDENDS

No dividend has been paid and no dividend is recommended for the financial periods ended 30 June 2018 and 30 June 2019.

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

- Subsequent to 30 June 2019 the Company entered into a farm-in and joint venture agreement with Pioneer Resources Limited to earn a 75% interest in the Balagundi Project. Pursuant to the agreement the Company issued 122,820 fully paid ordinary shares at a deemed value of \$40,000. The shares are subject to a 12 month voluntary restriction agreement.
- Since 30 June 2019 a total of 2,668,889 shares have been issued on the exercise of options by directors of the Company and/or their associates. Funds of \$533,778 were received by the Company on exercise of the options.

Other than the above, there has not arisen in the interval between the end of the financial period 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.



## DIRECTORS' REPORT (CONTINUED)

### 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 financial position of the Company and 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.

#### 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.



## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT (CONTINUED)

#### **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.

#### **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 inclusive of 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 inclusive of 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 2019.

#### **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:

## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT (CONTINUED)

- 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.

The Managing Director's base salary was increased to \$250,000 per annum, plus statutory superannuation following a review of executive remuneration, effective 1 July 2019. There were no other amendments to his executive service agreement.

#### Short Term Incentive Payments

Non-Executive Directors set the Key Performance Indicators ("KPI's") for the Executive Director and other senior employees. 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 ("STI") payable to Executives. At the end of the specified measurement period, the Non-Executive Directors will assess the actual performance of the Executives against the set Performance Objectives. The maximum amount of the STI, or a lesser amount depending on actual performance achieved is paid to the Executives as a cash payment. Refer to the Details of Performance Related Remuneration section of this Remuneration Report for specific details of KPI's set and/or measured during the period.

No STI's 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 have chosen to hold interests in Black Cat 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:

	2019 \$	2018 \$
Profit/(Loss) for the period attributable to shareholders	<b>(1,131,029)</b>	(749,702)
Closing share price at 30 June	<b>0.265</b>	0.255

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

In addition to technical and economic exploration success (including the publication of JORC compliant resources), 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.



## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT (CONTINUED)

#### 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
- Alex Hewlett                        Non-Executive Director

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

	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 \$	
<b>2019</b>						
<b>Paul Chapman</b>	<b>54,795</b>	-	<b>5,205</b>	-	<b>60,000</b>	-
<b>Gareth Solly</b>	<b>220,000</b>	-	<b>20,900</b>	<b>71,084</b>	<b>311,984</b>	<b>22.8%</b>
<b>Les Davis</b>	<b>36,529</b>	-	<b>3,471</b>	<b>35,542</b>	<b>75,542</b>	<b>47.0%</b>
<b>Alex Hewlett</b>	<b>36,529</b>	-	<b>3,471</b>	-	<b>40,000</b>	-
<b>Total</b>	<b>347,853</b>	-	<b>33,047</b>	<b>106,626</b>	<b>487,526</b>	-

<b>2018</b>						
Paul Chapman	23,131	-	2,169	-	25,300	-
Gareth Solly	110,000	-	10,450	-	120,450	-
Les Davis	15,421	-	1,446	-	16,867	-
Alex Hewlett	15,421	-	1,446	-	16,867	-
Total	163,973	-	15,511	-	179,484	-

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

During the period no STI payments were paid to members of Key Management Personnel.

During the year ended 30 June 2019 the Company set performance targets relating to STI's for the 12 months ending 31 December 2019 (2019 STI).

There were no STI performance targets set during the prior financial period.

Pursuant to the 2019 STI the Managing Director and certain senior employees of the Company may earn up to 40% of their base salary, based on the following parameters (to be measured at 31 December 2019):

## DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT (CONTINUED)

% 2019 STI Payable	Au Resource (Oz's)
0%	<285,000
20%	285,000 to 300,000
30%	300,000
40%	>315,000

**Options Granted as Remuneration**

The following options were issued as remuneration to Key Management Personnel during the period ended 30 June 2019:

KMP	Number of Options	Grant Date	Expiry Date	Exercise Price	Volatility	Interest Rate	Value of Options \$
Gareth Solly	500,000	26 Jun 2019	25 Jun 2023	40 cents	83.6%	1.39%	71,084
Les Davis	250,000						35,542

No options have been issued as remuneration 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.

**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:

Name	Balance at Start of the Period	Received During the Period as Remuneration	Other Changes During the Period	Balance at the End of the Period	Vested and Exercisable at the End of the Period <sup>1</sup>
<b>2019</b>					
Paul Chapman	2,880,001	-	100,000 <sup>3</sup>	2,980,001	2,980,001
Gareth Solly	1,200,000	500,000	-	1,700,000	1,700,000
Les Davis	2,400,000	250,000	-	2,650,000	2,650,000
Alex Hewlett	2,880,000	-	-	2,880,000	2,880,000

## DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT (CONTINUED)

Name	Balance at Start of the Period	Received During the Period as Remuneration	Other Changes During the Period	Balance at the End of the Period	Vested and Exercisable at the End of the Period <sup>1</sup>
2018					
Paul Chapman	-	-	2,880,001 <sup>2</sup>	2,880,001	2,880,001
Gareth Solly	-	-	1,200,000 <sup>2</sup>	1,200,000	1,200,000
Les Davis	-	-	2,400,000 <sup>2</sup>	2,400,000	2,400,000
Alex Hewlett	-	-	2,880,000 <sup>2</sup>	2,880,000	2,880,000

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

- <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 for the 2018 financial period were issued as attaching securities to pre-IPO capital raisings and as such have been ascribed nil value.
- <sup>3</sup> Options issued to Tracey Chapman in her capacity as a Company employee. Mrs Chapman is a related party of Mr Chapman.

**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.

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
2019				
Paul Chapman	3,520,001	-	696,501	4,216,502
Gareth Solly	1,200,000	-	125,000	1,325,000
Les Davis	2,750,000	-	250,000	3,000,000
Alex Hewlett	2,880,000	-	-	2,880,000

2018				
Paul Chapman	-	-	3,520,001	3,520,001
Gareth Solly	-	-	1,200,000	1,200,000
Les Davis	-	-	2,750,000	2,750,000
Alex Hewlett	-	-	2,880,000	2,880,000



## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT (CONTINUED)

#### Loans Made to Key Management Personnel

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

#### 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 \$71,138 (2018: \$46,674) (inclusive of superannuation).

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 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 period, 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	2019 \$	2018 \$
Audit and review of the Company's financial statements	22,500	15,000
Other services – Investigating Accountants' Report	-	6,500
<b>Total</b>	<b>22,500</b>	<b>21,500</b>

## DIRECTORS' REPORT (CONTINUED)

### NON-AUDIT SERVICES (CONTINUED)

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:

- 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 27<sup>th</sup> day of September 2019.



**Gareth Solly**  
**Managing Director**

## AUDITOR'S INDEPENDENCE DECLARATION



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### 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 2019, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in blue ink, appearing to read "Cyrus Patell".

Crowe Perth

A handwritten signature in blue ink, appearing to read "Cyrus Patell".

**Cyrus Patell**  
Partner

Signed at Perth dated this 27<sup>th</sup> day of September 2019

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Perth, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.*  
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**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Note	Consolidated	
		Year Ended 30 June 2019 \$	Period Ended 30 June 2018 \$
Other income	5	288	-
Interest income		25,697	20,374
<b>Total income</b>		<b>25,985</b>	<b>20,374</b>
Employee expenses	6	(685,056)	(250,766)
Employee expenses – share based		(235,465)	-
Employee expenses recharged to exploration		353,105	104,384
Legal and professional		(90,188)	(72,056)
Corporate advisory		(150,092)	(96,851)
Marketing and promotion		(88,801)	(9,022)
Depreciation expense	6	(10,069)	(4,344)
Share issue expenses		-	(156,328)
Administration and other expenses		(200,531)	(164,781)
Exploration costs not capitalised		(49,917)	(120,312)
<b>Profit/(Loss) before income tax</b>		<b>(1,131,029)</b>	<b>(749,702)</b>
Income tax benefit	7	-	-
<b>Profit/(Loss) after tax</b>		<b>(1,131,029)</b>	<b>(749,702)</b>
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<b>(1,131,029)</b>	<b>(749,702)</b>
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share	28	<b>(1.9)</b>	<b>(2.1)</b>
Diluted earnings/(loss) per share	28	<b>(1.9)</b>	<b>(2.1)</b>

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

**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	Consolidated	
		2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	8	2,708,539	3,878,872
Trade and other receivables	9	62,066	33,928
<b>Total current assets</b>		<b>2,770,605</b>	<b>3,912,800</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	36,002	46,071
Capitalised mineral exploration and evaluation expenditure	12	4,592,835	1,869,294
<b>Total non-current assets</b>		<b>4,628,837</b>	<b>1,915,365</b>
<b>Total assets</b>		<b>7,399,442</b>	<b>5,828,165</b>
<b>Current liabilities</b>			
Trade and other payables	14	436,900	313,729
Employee entitlements	15	42,290	12,836
<b>Total current liabilities</b>		<b>479,190</b>	<b>326,565</b>
<b>Total liabilities</b>		<b>479,190</b>	<b>326,565</b>
<b>Net assets</b>		<b>6,920,252</b>	<b>5,501,600</b>
<b>Equity</b>			
Issued capital	16	8,106,341	5,792,125
Accumulated losses		(1,880,731)	(749,702)
Share based payments reserve	18	694,642	459,177
<b>Total equity</b>		<b>6,920,252</b>	<b>5,501,600</b>

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



**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	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	<u>5,792,125</u>	<u>(749,702)</u>	<u>459,177</u>	<u>5,501,600</u>
<b>2019</b>				
Balance at the start of the financial period	5,792,125	(749,702)	459,177	5,501,600
Comprehensive income for the financial period	-	(1,131,029)	-	(1,131,029)
Movement in equity remuneration reserve in respect of options vested	-	-	235,465	235,465
Transactions with equity holders in their capacity as equity holders:				
Shares issued (net of costs)	2,314,216	-	-	2,314,216
Balance at the end of the financial period	<u>8,106,341</u>	<u>(1,880,731)</u>	<u>694,642</u>	<u>6,920,252</u>

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

**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Note	Consolidated	
		Year Ended 30 June 2019 \$	Period Ended 30 June 2018 \$
<b>Cash flows from operating activities</b>			
Interest received		36,751	6,303
Payments to suppliers and employees		<b>(805,790)</b>	(381,269)
<b>Net cash from/(used in) operating activities</b>	27	<b>(769,039)</b>	(374,966)
<b>Cash flows from investing activities</b>			
Payments to acquire exploration assets		<b>(9,595)</b>	(932,500)
Payments for exploration and evaluation		<b>(2,816,819)</b>	(758,221)
Proceeds from government drilling grants		<b>110,904</b>	-
Payments for plant and equipment		-	(50,414)
<b>Net cash used in investing activities</b>		<b>(2,715,510)</b>	(1,741,135)
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		<b>2,500,000</b>	6,650,426
Payments for share issue costs		<b>(185,784)</b>	(655,453)
<b>Net cash from/(used in) financing activities</b>		<b>2,314,216</b>	5,994,973
<b>Net increase/(decrease) in cash held</b>		<b>(1,170,333)</b>	3,878,872
<b>Cash at the beginning of the financial period</b>	8	<b>3,878,872</b>	-
<b>Cash at the end of the financial period</b>	8	<b>2,708,539</b>	3,878,872

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 2019

**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 27 September 2019.

**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 16 Leases*

AASB 16 Leases will replace existing accounting requirements for leases under AASB 117 Leases. Under current requirements, leases are classified based on their nature as either finance leases which are recognised on the Statement of Financial Position, or operating leases, which are not recognised on the Statement of Financial Position.

Under AASB 16 Leases, the Company's accounting for operating leases as a lessee will result in the recognition of a right-of-use ("ROU") asset and an associated lease liability on the Statement of Financial Position. The lease liability represents the present value of future lease payments, with the exception of short-term and low value leases. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

**(a) Basis of Preparation (continued)**

Based on the Company's assessment to date, the adoption of AASB 16 is expected to have an immaterial impact on the financial statements of the Company due to the minimal number, if any, of non-cancellable leases currently entered into by the Company which would not fall under a short-term or low value exception.

*Transition*

The Company will initially apply AASB 16 on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under AASB 117, the Company can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company is assessing the potential impact of using these practical expedients.

Based on the current assessment and conditions of the Company, it is expected that the adoption of AASB 16 will have minimal impact if any on the financial statements of the Company. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend however on future economic conditions, including the Company's borrowing rate, the composition of the Company's lease portfolio, the extent to which the Company elects to use practical expedients and recognition exemptions, and the new accounting policies, which are subject to change until the Company presents its first financial statements that include the date of initial application.

*New Standards and Interpretations Recently Adopted*

– *AASB 9 Financial Instruments*

The Company has adopted AASB 9 from 1 July 2018 which have resulted in changes to accounting policies and the analysis for possible adjustments to amounts recognised in the Financial Statements. In accordance with the transitional provisions in AASB 9, the reclassifications and adjustments are not reflected in the statement of financial position as at 30 June 2018 but recognised in the opening balance sheet as at 1 July 2018. The Company has not recognised a loss allowance on trade and other receivables following assessment of the impact of the new impairment model introduced by AASB 9.

*Classification and Measurement*

On 1 July 2018, the Company has assessed which business models apply to the financial instruments held by the Company and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Company classified financial assets and liabilities as measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Company's financial instruments.

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

The Company does not currently enter into any hedge accounting and therefore there is no impact to the Company's Financial Statements.

**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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

**(a) Basis of Preparation (continued)**

The following table summarises the impact on the classification and measurement of the Company's financial instruments at 1 July 2018:

Presented in Statement of Financial Position	Financial Asset	AASB 139	AASB 9	Reported \$	Restated \$
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised Cost	No change	No change
Trade and other receivables	Loans and receivables	Loans and receivables	Amortised Cost	No change	No change
Trade and other payables	Loans and payables	Amortised Cost	Amortised Cost	No change	No change

*Impairment*

AASB 9 introduces a new expected credit loss ("ECL") impairment model that requires the Company to adopt an ECL position across the Company's financial assets from 1 July 2018. The Company's receivables balance consists of GST refunds from the Australian Tax Office and interest receivables from recognised Australian banking institutions.

The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Given the Company's receivables are from the Australian Tax Office and recognised Australian banking institutions, the Company has assessed that the risk of default is minimal and as such, no impairment loss has been recognised against these receivables as at 30 June 2019.

– *AASB15 Revenue from Contracts with Customers*

This standard did not have a material impact on either the recognition or disclosure requirements within the financial statements as the Group is not party to any such contracts.

***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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

**(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**

***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.

**(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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

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.

*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.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

**(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 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

**(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) Financial Instruments**

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

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

*Financial Assets at Fair Value Through Profit or Loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

*Financial Assets at Fair Value Through Other Comprehensive Income*

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

*Impairment of Financial Assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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

**(r) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(s) Current Versus Non-Current Classification**

The Group presents assets and liabilities in the statement of financial position based on a current or non-current classification.

An asset is current when it is:

- expected to be realized, or intended to be sold or consumed in the Group's normal operating cycle;
- expected to be realized within 12 months after the reporting period; or
- cash or a cash equivalents (unless restricted for at least 12 months after the reporting period).

A liability is current when it is:

- expected to be settled in the Group's normal operating cycle;
- it is due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other assets and liabilities are classed as non-current.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

**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.

***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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

**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. Key judgements are applied in determining expenditure directly related to exploration and evaluation activities and allocating overheads between those that are expensed and capitalised. 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 year ended 30 June 2019 the Group expensed unallocated and uncapitalised exploration expenditure of \$49,917 (2018: \$120,312).

***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.

**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	<b>Consolidated</b>	
	<b>Period Ended 30 June 2019 \$</b>	<b>Period Ended 30 June 2018 \$</b>

**Note 5 Other Income**

***Operating Activities***

Reimbursed parking costs	<u>288</u>	-
	<u><b>288</b></u>	<u>-</u>

**Note 6 Loss for the Year**

***Loss Before Income Tax Includes the Following Specific Expenses***

Depreciation:		
Motor vehicles and field equipment	8,320	3,764
Office equipment	<u>1,749</u>	<u>580</u>
	<u><b>10,069</b></u>	<u>4,344</u>
Employee expenses:		
Wages and salaries	470,806	159,677
Non-Executive directors' fees	127,853	53,973
Superannuation	56,882	24,280
Movement in employee leave liability	<u>29,455</u>	<u>12,836</u>
	<u><b>685,056</b></u>	<u>250,766</u>

**BLACK CAT SYNDICATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	<b>Consolidated</b>	
	<b>Period Ended 30 June 2019</b>	<b>Period Ended 30 June 2018</b>
	<b>\$</b>	<b>\$</b>

**Note 7 Income Tax**

**a) Income Tax Expense**

*Current income tax:*

Current income tax charge (benefit)	(1,033,768)	(470,073)
Current income tax not recognised	1,033,768	470,073

*Deferred income tax:*

Relating to origination and reversal of timing differences	(387,412)	(380,649)
Deferred income tax benefit not recognised	387,412	380,649
Income tax expense/(benefit) reported in the income statement	-	-

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

Profit/(Loss) from continuing operations before income tax expense	(1,131,029)	(749,702)
Tax at 27.5% (2018: 30%)	(311,033)	(224,911)
<i>Tax effect of permanent differences:</i>		
Non-deductible share based payments	64,753	-
Non-deductible share issue costs	-	46,898
Capital raising costs claimed	(80,327)	(40,527)
Net deferred tax asset benefit not brought to account	326,607	218,540
Tax (benefit)/expense	-	-

**c) Deferred Tax – Balance Sheet**

*Liabilities*

Accrued income	(830)	(4,221)
Capitalised exploration expenditure	(1,006,970)	(268,999)
Total Liabilities	(1,007,800)	(273,220)

*Assets*

Revenue losses available to offset against future taxable income	1,502,849	470,073
Employee provisions	11,630	3,851
Accrued expenses	1,375	17,838
Deductible equity raising costs	260,007	162,107
Total Assets	1,775,861	653,869
Net deferred tax asset not recognised	768,061	380,649

**BLACK CAT SYNDICATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	<b>Consolidated</b>	
	<b>Period Ended 30 June 2019 \$</b>	<b>Period Ended 30 June 2018 \$</b>

**Note 7 Income Tax (continued)**

**d) Deferred Tax – Income Statement**

*Liabilities*

Prepaid expenses	<b>3,391</b>	(4,221)
Capitalised exploration expenditure	<b>(737,971)</b>	(268,999)

*Assets*

Deductible equity raising costs	<b>97,900</b>	162,107
Accruals	<b>(16,463)</b>	17,838
Increase in tax losses carried forward	<b>1,032,776</b>	470,073
Employee provisions	<b>7,779</b>	3,851
Deferred tax benefit/(expense) movement for the period not recognised	<b>387,412</b>	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 \$5,464,904 (2018: \$1,566,911) were incurred by Australian entities.

The Company received an allocation pursuant to the Junior Mineral Exploration Incentive (“JMEI”) Scheme for the financial year ended 30 June 2019. Subsequent to the 30 June 2019, the Group undertook a distribution of JMEI credits to qualifying shareholders which resulted in a reduction of unused tax losses by \$2,500,000.

The Company received a JMEI allocation for the financial year ending 30 June 2020 of \$1,500,000.



**BLACK CAT SYNDICATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Consolidated	
	2019 \$	2018 \$

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

Cash at bank and on hand	<b>708,539</b>	1,878,873
Deposits at call	<b>2,000,000</b>	1,999,999
	<b>2,708,539</b>	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	<b>2,708,539</b>	<b>3,878,872</b>
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**(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	<b>3,327</b>	14,383
GST recoverable	<b>58,739</b>	19,545
	<b>62,066</b>	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	
		2019	2018
Black Cat (Bulong) Pty Ltd	Australia	<b>100%</b>	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.

**BLACK CAT SYNDICATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**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		45,167	5,248	50,415
Additions		-	-	-
<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		(3,764)	(580)	(4,344)
Depreciation expense for the financial period		(8,320)	(1,749)	(10,069)
<b>Accumulated depreciation at the end of the financial period</b>		<b>(12,084)</b>	<b>(2,329)</b>	<b>(14,413)</b>
Net book value at the start of the financial period		41,403	4,668	46,071
<b>Net book value at the end of the financial period</b>		<b>33,083</b>	<b>2,919</b>	<b>36,002</b>

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

	Consolidated	
	30 June 2019 \$	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	<b>1,869,294</b>	-
Total acquisition costs for the period (Note 13)	<b>29,965</b>	1,042,095
Total exploration costs for the period	<b>2,854,397</b>	947,511
Government drilling grants	<b>(110,904)</b>	-
Total unallocated exploration expensed for the period	<b>(49,917)</b>	(120,312)
Capitalised exploration costs at the end of the period	<b>4,592,835</b>	1,869,294

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**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**Note 13 Acquisition of Exploration Assets**

During the comparative period the Group completed the acquisition of exploration assets pursuant to the Initial Public Offer (“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.

During the year ended 30 June 2019 the Company incurred a further \$29,965 in respect of stamp duty in relation to the prior period acquisition.

	<b>Consolidated</b>	
	<b>30 June 2019 \$</b>	<b>30 June 2018 \$</b>

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

Trade payables and accruals	<b>420,773</b>	299,601
Other payables	<b>16,127</b>	14,128
	<b>436,900</b>	313,729

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>42,290</b>	12,836
	<b>42,290</b>	12,836

**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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**Note 16 Issued Capital (continued)**

		30 June 2019		30 June 2018	
	Issue Price	No	\$	No	\$

**b) Share Capital**

Issued share capital	<b>69,760,002</b>	<b>8,106,341</b>	57,260,002	5,792,125
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**c) Share Movements During the Period**

Balance at the start of the financial period	-	<b>57,260,002</b>	<b>5,792,125</b>	-	-
Shares issued on incorporation	\$1.00	-	-	1	1
Shares issued to pre-IPO investors	\$0.01	-	-	19,760,001	222,300
Share issued to brokers pursuant to IPO	\$0.01	-	-	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
Share placement	\$0.20	<b>12,500,000</b>	<b>2,500,000</b>	-	-
Less share issue costs	-	-	<b>(185,784)</b>	-	(958,301)
Balance at the end of the financial period		<b>69,760,002</b>	<b>8,106,341</b>	57,260,002	5,792,125

**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 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.

As at 30 June 2019, 1,000,000 (2018: Nil) options have been issued pursuant to the terms and conditions of the Plan.

***Other Options***

As at 30 June 2019, 19,310,001 (2018: 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	25 January 2023
400,000	22 cents	31 July 2022
1,450,000	40 cents	25 Jun 2023

All options on issue at 30 June 2019 are vested and exercisable, subject to separate ASX and voluntary restrictions.

During the year ended 30 June 2019 the Company issued 1,850,000 options over unissued shares to directors and employees.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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

During the comparative 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.

No options were exercised or cancelled during the financial year.

Since the end of, the financial period;

- 700,000 options exercisable at 60 cents each and expiring 2 August 2023 have been issued to employees;
- no options have been cancelled; and
- 2,668,889 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")***

	2019		2018	
	No	WAEP (cents)	No	WAEP (cents)
Options outstanding at the start of the period	17,460,001	20.0	-	-
Options issued during the period	1,850,000	36.11	17,460,001	20.0
Options exercised or cancelled during the period	-	-	-	-
Options outstanding at the end of the period	<b>19,310,001</b>	<b>21.54</b>	17,460,001	20.0

***Weighted Average Contractual Life***

The weighted average contractual life for un-exercised options is 43 months (2018: 55 months).

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

The 1,850,000 options issued as remuneration during the financial year 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
28 Aug 2018	400,000	22	31 Jul 2022	2.13%	78.5%	\$29,320
26 Jun 2019	1,450,000	40	25 Jun 2023	1.39%	83.6%	\$206,145

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.

**BLACK CAT SYNDICATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Consolidated			
	2019		2018	
	Accumulated Losses \$	Equity Remuner- ation Reserve (i) \$	Accumulated Losses \$	Equity Remuner- ation Reserve (i) \$

**Note 18 Reserves and Accumulated Losses**

Balance at the beginning of the year	(749,702)	459,177	-	-
Profit/(Loss) for the period	(1,131,029)	-	(749,702)	-
Movement in equity remuneration reserve in respect of options issued	-	235,465	-	459,177
Balance at the end of the year	<u>(1,880,731)</u>	<u>694,642</u>	<u>(749,702)</u>	<u>459,177</u>

(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:

	2019 \$	2018 \$
<b>Variable rate instruments</b>		
Cash and cash equivalents	<u>2,708,539</u>	<u>3,878,872</u>

**BLACK CAT SYNDICATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**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>2019</b>				
Variable rate instruments	<u>27,085</u>	<u>(27,085)</u>	<u>27,085</u>	<u>(27,085)</u>
<b>2018</b>				
Variable rate instruments	<u>19,394</u>	<u>(19,394)</u>	<u>19,394</u>	<u>(19,394)</u>

***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>2019</b>							
Trade and other payables	<u>420,773</u>	<u>420,773</u>	<u>420,773</u>	-	-	-	-
	<u>420,773</u>	<u>420,773</u>	<u>420,773</u>	-	-	-	-
<b>2018</b>							
Trade and other payables	<u>299,601</u>	<u>299,601</u>	<u>299,601</u>	-	-	-	-
	<u>299,601</u>	<u>299,601</u>	<u>299,601</u>	-	-	-	-

***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			
	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Cash and cash equivalents	<u>2,708,539</u>	<u>2,708,539</u>	3,878,872	3,878,872
Trade and other payables	<u>(420,773)</u>	<u>(420,773)</u>	(299,601)	(299,601)
	<u>2,287,766</u>	<u>2,287,766</u>	3,479,271	3,479,271

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

**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**Note 20 Dividends**

No dividends were paid or proposed during the financial year ended 30 June 2019 or the period ended 30 June 2018.

The Company has no franking credits available as at 30 June 2019 or 30 June 2018.

**Note 21 Key Management Personnel Disclosures**

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

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

- (i) *Chairman – Non-Executive*
  - 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:

	Year Ended 30 June 2019 \$	Period Ended 30 June 2018 \$
Total short-term employment benefits	347,853	163,973
Total share based payments	106,626	-
Total post-employment benefits	33,047	15,511
	<b>487,526</b>	<b>179,484</b>

**(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 \$71,138 (2018: \$46,674) (inclusive of superannuation).



**BLACK CAT SYNDICATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Year Ended 30 June 2019 \$	Period Ended 30 June 2018 \$
--	--	--

**Note 22 Remuneration of Auditors**

Audit and review of the Company's financial statements	22,500	15,000
Other services – Investigating Accountant's Report	-	6,500
	<hr/>	<hr/>
Total	<b>22,500</b>	<b>21,500</b>

**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 2019 and 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 2019 or 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 12 month period amount to \$298,880 (2018: \$252,560).

**BLACK CAT SYNDICATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**Note 24 Commitments (continued)**

**(b) Operating Lease Commitments**

The Company has entered into a two year lease on its office Suite 6, 15 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:

	<b>30 June 2019 \$</b>	<b>30 June 2018 \$</b>
Due within 1 year	<b>13,127</b>	26,253
Due after 1 year but not more than 5 years	-	13,127
Due after more than 5 years	-	-
	<b>13,127</b>	<b>39,380</b>

**(c) Contractual Commitments**

There are no material contractual commitments as at 30 June 2019 or 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**

- Subsequent to 30 June 2019 the Company entered into a farm-in and joint venture agreement with Pioneer Resources Limited to earn a 75% interest in the Balagundi Project. Pursuant to the agreement the Company issued 122,820 fully paid ordinary shares at a deemed value of \$40,000. The shares are subject to a 12 month voluntary restriction agreement.
- Since 30 June 2019 a total of 2,668,889 shares have been issued on the exercise of options by directors of the Company and/or their associates. Funds of \$533,778 were received by the Company on exercise of the options.

Other than the above, 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.

**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Consolidated	
	Period Ended 30 June 2019 \$	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	(1,131,029)	(749,702)
Depreciation	10,069	4,344
Exploration cost written off and expensed	49,917	141,088
Share based payments	235,465	-
Share issue costs expensed	-	156,328
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in receivables	(7,839)	(4,219)
(Increase)/decrease in accrued income	11,054	(14,071)
Increase/(decrease) in payables	33,869	78,430
Increase/(decrease) in employee leave liabilities	29,455	12,836
	<hr/>	<hr/>
Net cash outflow from operating activities	(769,039)	(374,966)

***Non-Cash Investing and Financing Activities***

*During the comparative 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), and 5,500,000 unlisted options to the lead manager to the Initial Public Offer in part consideration for services provided (refer Note 17).*

**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**Note 28 Earnings Per Share**

	Consolidated	
	Year Ended 30 June 2019	Period Ended 30 June 2018
<b>a) Basic Earnings Per Share</b>	<b>Cents</b>	<b>Cents</b>
Loss per share attributable to ordinary equity holders of the Company	<u>(1.9)</u>	<u>(2.1)</u>
<b>b) Diluted Earnings Per Share</b>		
Loss per share attributable to ordinary equity holders of the Company	<u>(1.9)</u>	<u>(2.1)</u>
<b>c) Loss Used in Calculation of Basic and Diluted Loss Per Share</b>	<b>\$</b>	<b>\$</b>
Consolidated profit/(loss) after tax from continuing operations	<u>(1,131,029)</u>	<u>(749,702)</u>
<b>d) Weighted Average Number of Shares Used as the Denominator</b>	<b>No.</b>	<b>No.</b>
Weighted average number of shares used as the denominator in calculating basic earnings per share	<u>58,985,139</u>	<u>35,603,274</u>
Weighted average number of shares used as the denominator in calculating diluted earnings per share	<u>58,985,139</u>	<u>35,603,274</u>

**BLACK CAT SYNDICATE LIMITED**  
**ABN 63 620 896 282**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**Note 29 Parent Entity Information**

	30 June 2019 \$	30 June 2018 \$
--	-----------------------	-----------------------

***Financial Position***

**Assets**

Current assets	2,701,073	3,794,863
Non-current assets	4,288,330	1,985,408
	<hr/>	<hr/>
Total Assets	6,989,403	5,730,571

**Liabilities**

Current liabilities	69,151	100,661
Non-current liabilities	-	-
	<hr/>	<hr/>
Total Liabilities	69,151	100,661

**NET ASSETS**

<hr/>	6,920,252	5,629,910
<hr/>		

**Equity**

Issued Capital	8,106,341	5,792,125
Share based payments reserve	694,642	459,177
Accumulated losses	(1,880,731)	(621,392)
	<hr/>	<hr/>

**TOTAL EQUITY**

<hr/>	6,920,252	5,629,910
<hr/>		

Profit/(Loss) for the year	(1,131,029)	(621,392)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income	(1,131,029)	(621,392)

***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.



## DIRECTOR'S DECLARATION

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

- (a) the financial statements and notes set out on pages 39 to 69 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 2019 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 2019.

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

Signed at Perth this 27<sup>th</sup> day of September 2019.

**Gareth Solly**  
Managing Director

## INDEPENDENT AUDITOR'S REPORT



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### INDEPENDENT AUDITORS 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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

##### **Basis for Opinion**

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

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

##### **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. For each matter below, our description of how our audit addressed the matter is provided in that context.

The title "Partner" conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



Key Audit Matter	How we addressed the Key Audit Matter
<b>Consideration of impairment of capitalised mineral exploration and evaluation expenditure</b>	
<p>The consideration of impairment of the carrying value of the Group's Capitalised Mineral Exploration and Evaluation Expenditure assets was material to our audit and represented an area of significant estimate and judgement within the financial report.</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 of \$4.59m at 30 June 2019.</p> <p>The conditions and assessment undertaken in relation to impairment are disclosed in the Group's accounting policy in Notes 1 and 12 of the financial report.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>▪ Discussions with management on their assessment of the existence or otherwise of specific facts or circumstances that would indicate that the capitalized mineral exploration and evaluation expenditure should be tested for impairment;</li> <li>▪ Corroborating representations made by management with available external data and evidence obtained by us during the course of our audit; and</li> <li>▪ Considering the appropriateness of relevant disclosures in the notes to the financial statements.</li> </ul>

### **Other Information**

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

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

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

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

### **Responsibilities of the Directors for the Financial Report**

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, International Financial Reporting 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.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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

***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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 30 to 36 of the directors' report for the year ended 30 June 2019.

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

#### ***Responsibilities***

The directors of the Group 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.

A handwritten signature in blue ink, appearing to read "Cyrus Patell".

**Crowe Perth**

A handwritten signature in blue ink, appearing to read "Cyrus Patell".

**Cyrus Patell**  
Partner

Dated at Perth this 27<sup>th</sup> day of September 2019

## ASX ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 10 October 2019.

### 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	35	8,337
1,001 – 5,000	146	445,841
5,001 – 10,000	125	1,069,328
10,001 – 100,000	415	16,663,330
More than 100,000	160	65,823,015
<b>Totals</b>	<b>881</b>	<b>84,009,851</b>

There are 37 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
Paul Chapman and Associates	6,385,391	7.60%

## 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
Paul Chapman and Associates	6,385,391	7.60%
LB and AF Davis	3,500,000	4.17%
Elefantino Pty Ltd	2,880,000	3.43%
JP Morgan Nominees Australia Pty Ltd	2,814,946	3.35%
Briken Nominees Pty Ltd	2,100,000	2.50%
Sauron Capital Pty Ltd	2,000,000	2.38%
JD and TL Hardy	1,680,000	2.00%
Patina Resource Pty Ltd	1,532,558	1.82%
PB & CA Johnston	1,380,000	1.64%
Ashok Parekh	1,380,000	1.64%
Gareth Solly and associates	1,325,000	1.57%
Ivanhoe Investments Pty Ltd	1,280,000	1.52%
Nameo Pty Ltd	1,280,000	1.52%
R W Associates Pty Ltd	1,250,000	1.49%
Patrick Yip	1,162,791	1.38%
Chemco Superannuation Fund Pty Ltd	1,000,000	1.19%
Emex (WA) Pty Ltd	1,000,000	1.19%
Philip Crutchfield	883,000	1.05%
ASR Nominees Pty Ltd	865,000	1.03%
Swanland Investment Limited	805,000	0.96%
<b>Total</b>	<b>36,503,686</b>	<b>43.44%</b>

**D. Unquoted Securities****Options over Unissued Shares**

Number of Options	Exercise Price	Expiry Date	Number of Holders
14,791,112	20 cents	17 Jan 2023	23 <sup>1</sup>
400,000	22 cents	31 Jul 2022	2
1,450,000	40 cents	25 Jun 2023	5
700,000	60 cents	2 Aug 2023	2
<b>17,341,112</b>			

<sup>1</sup> Issued to pre-IPO investors

## 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 ordinary fully paid shares on issue which are subject to escrow agreements, as follows:

- 13,861,767 shares restricted until 17 January 2020.

There are unlisted options on issue that are subject to escrow agreements, as follows:

- 12,191,112 options, expiring 17 January 2023, restricted until 30 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 Initial Public Offer ("IPO") in a manner that is consistent with the prospectus and objectives outlined in the IPO prospectus.

