

# **Okapi Resources Limited**

**ABN 21 619 387 085**

## **ANNUAL REPORT**

**FOR THE PERIOD ENDED**

**30 JUNE 2017**

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**DIRECTORS**

Klaus Eckhof (appointed 29 May 2017) – Non-executive Chairman  
Nigel M Ferguson (appointed 29 May 2017) – Managing Director  
Leonard Vun Chee Math (appointed 29 May 2017) – Non-executive Director

**COMPANY SECRETARY**

Craig A Nelmes (appointed 29 May 2017)

**PRINCIPAL AND REGISTERED  
OFFICE**

Level 2, Suite 9  
389 Oxford Street  
Mt. Hawthorn WA 6016

Telephone: (08) 9380 6789

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**AUDITORS**

Butler Settineri (Audit) Pty Ltd  
Unit 16, First Floor Spectrum Offices  
100 Railway Road  
Subiaco WA 6008

**SOLICITORS**

Lyons Babington  
Level 1, 7 Ventnor Avenue  
West Perth, WA 6005

**SHARE REGISTRY**

Advanced Share Registry Limited  
trading as Advanced Share Registry Services  
110 Stirling Highway,  
Nedlands, Western Australia 6009

Dear Shareholders,

On behalf of the Directors, I am pleased to introduce the 2017 Annual Report for Okapi Resources Limited (Okapi or the Company).

Okapi is a gold focused company with a clear strategy of advancing our Mambasa and Crackerjack Projects in DRC and Western Australia respectively.

The Company was incorporated on 29 May 2017. Okapi subsequently completed a heavily over-subscribed IPO to raise \$5 million, the success of which provided the Company with a strong platform for future growth and reflects the quality of the Mambasa and Crackerjack Projects and management.

Your Board believes that advancing our present projects is only the first step in building a quality company with significant assets that will spark interest globally and provide significant shareholder value.

We continue to make progress on all fronts of the development and acquisition of new mineral assets and I look forward to keeping you updated on our progress on what should be an exciting year ahead.

Yours faithfully



**Klaus Eckhof**  
**Chairman**

## CRACKERJACK GOLD PROJECT

### Property Description and Location

The Crackerjack Gold Project consists of a single granted exploration tenement - E80/4675. It is located 85 km south west of the town of Halls Creek in the Kimberley Goldfield of Western Australia (**Figure 1**). The asset is held 100% by Okapi Resources Limited.

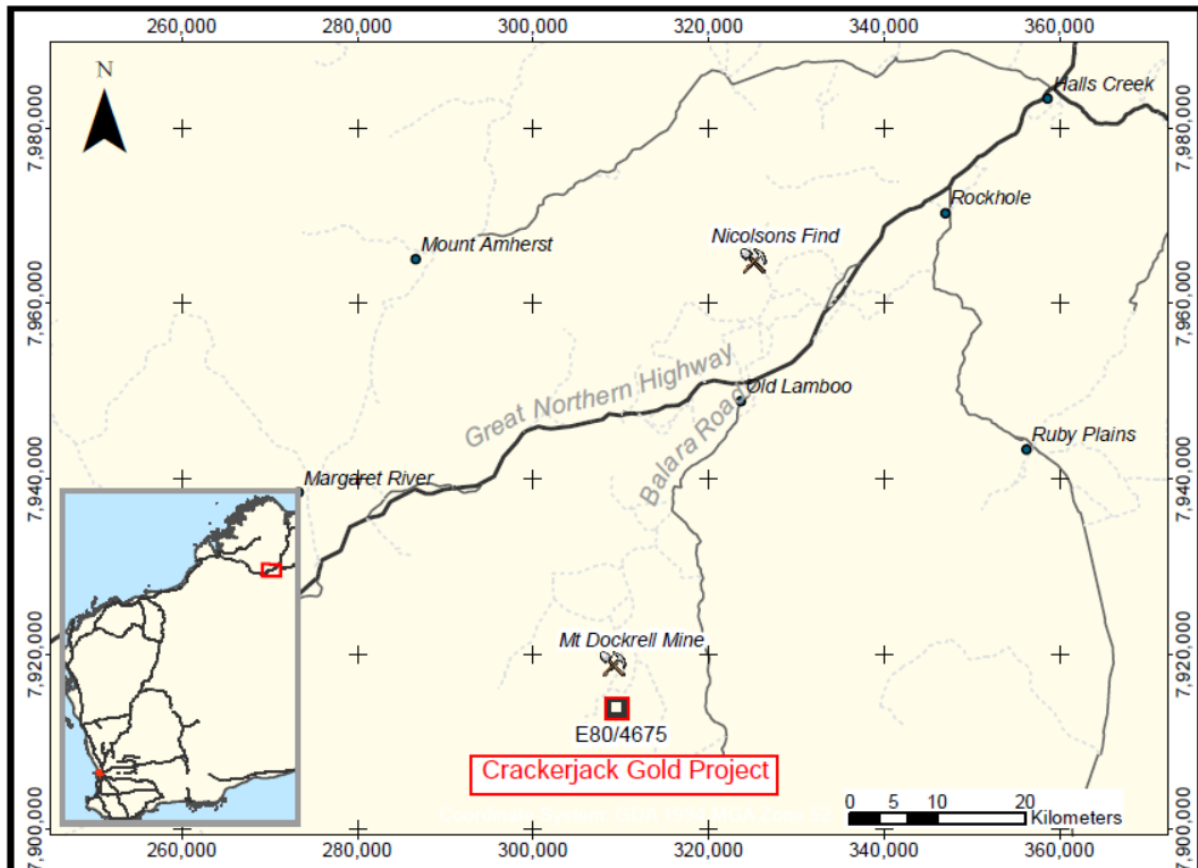


Figure 1 Location of the Crackerjack Gold Project

### Access

Access to the project area from Halls Creek is initially via the sealed Great Northern Highway approximately 50 km south west. The unsealed Old Ballara Road is then driven 40 km south through Old Lamboo Station and thence via dirt station tracks a further 8 km south to the project area, directly to the east of Willy Willy Well.

The area is rugged, with ephemeral streams cutting deep into the country rock and making accessibility difficult. Monsoonal rains may cause even sealed roads to become impassable for periods of time. Access to the project area would certainly be affected by summer rains and the timing of fieldwork should take this into account.

Little infrastructure exists in the area. Many ephemeral water holes exist in the region however scarcity of permanent and reliable water sources has historically been the major factor hindering development of the both mines and pastoral leases in the area.

## Geological Setting

The Crackerjack Project area lies within the Mt Dockrell area of the Halls Creek Orogen, a major deformation zone comprising multiple faults bounding the eastern edge of the Kimberley Basin. The Orogen contains rocks of the Halls Creek Group of Lower Proterozoic Age and have been very intensely folded about a northeast to north-northeast axis. In the Mt Dockrell area the units are tightly folded, forming upright isoclinal to sub-isoclinal folds.

Halls Creek Group units present in the Crackerjack Gold Project area include the Biscay and Olympio Formations (Figure 2).

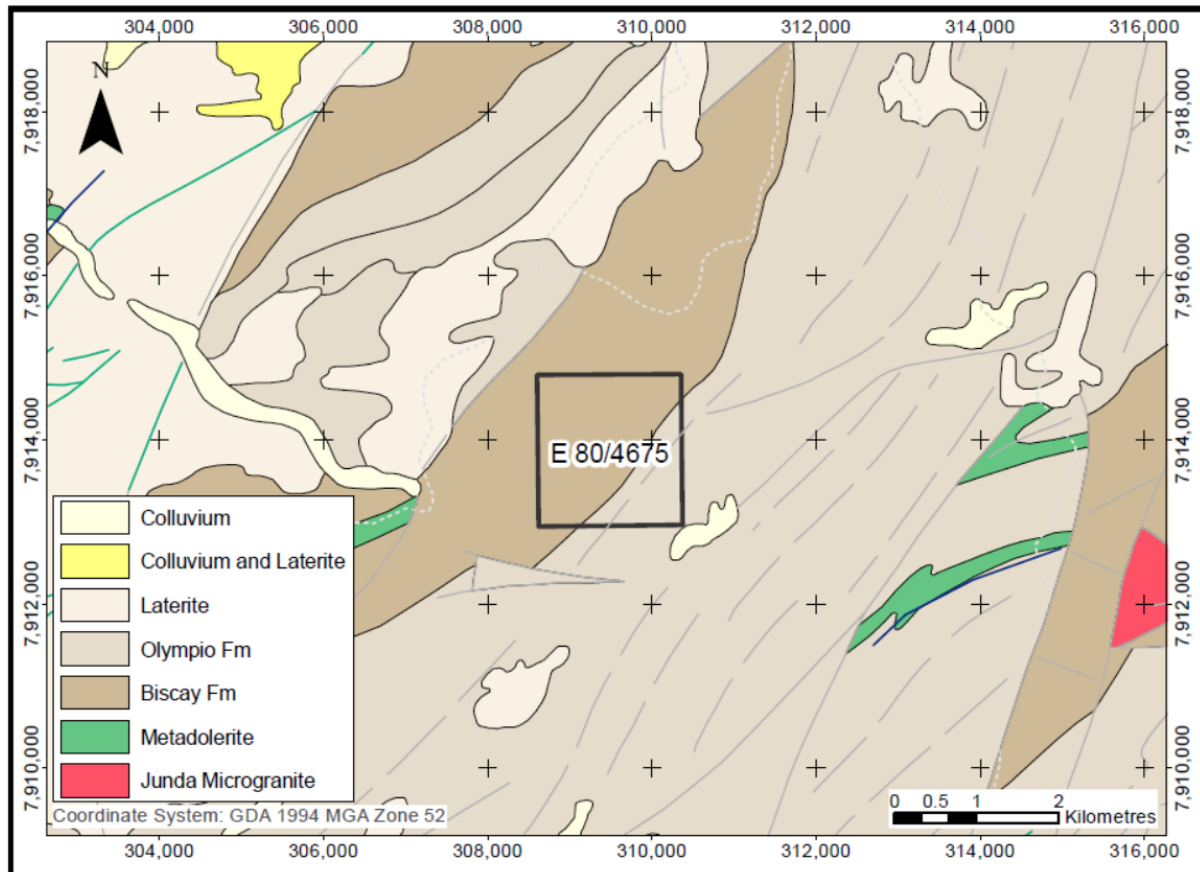


Figure 2 Local Geology of the Crackerjack tenement area

The Olympio Formation is a thick succession (<4 km) of epiclastic felsic volcanic rocks showing turbiditic depositional fabrics in the lowermost portion grading to medium and coarse-grained wacke and conglomerates.

Shear zones occur throughout the area, often associated with gold mineralisation. Shearing is generally trending north-northeast and sub-parallel with bedding and fold axial planes. Examples of these are shown at the Golden Hole South and Crackerjack East prospects. Occasional cross-cutting shears, most probably associated with faults, have disrupted the continuity of the lithological units (as evident in Figure 2).

The intersections of these shears with mineralised horizons have resulted in foci for mineralisation such as at Crackerjack. Shale is a common host rock for gold mineralisation but deposits are also hosted by various volcanic rocks and especially Woodward Dolerite dykes and sills.

Barnes (1987) and Martin (1988) have classified the units in the Crackerjack area using a simplistic nomenclature, which is presented here (from east to west):

- Eastern Metasediments
- Eastern Greenstones
- Central Felsic Volcanics
- Western Greenstones

All of these units are separated from one another by significant faults. These faults are sometimes quartz-filled however in general, the faults are evidenced by major lithological change. The 'Eastern Greenstones' of Barnes and Martin correlate with the upper successions within the Biscay Formation. These contain most of the known gold occurrences and old workings in the area.

### **Gold and Base Metal Mineralisation**

The primary deposits so far reported in the area are contained within the more strongly sheared and altered mafic volcanics or are hosted within, or proximal to Woodward Dolerite sills, particularly within the upper Biscay Formation/Eastern Greenstones.

The hosting structures are invariably oriented to the north-northeast and dip from 70 degrees to sub-vertically, paralleling stratigraphy and fold axial planes in the area. The intersection of these structures with occasional cross-cutting shears has resulted in dilational zones and lenses enriched in mineralised fluids, thereby creating the higher-grade gold deposits.

Many deposits contain a significant degree of quartz-sericite-calcite propylitisation within the alteration zones. They have also been shown to contain a high proportion of sulphides, which can form a significant base metal anomaly in themselves. Associated sulphides in order of abundance include; Arsenopyrite, Pyrite, Chalcopyrite, Galena and Sphalerite.

### **Historic Exploration**

Gold was first discovered in the Kimberley region by E.T. Hardman in 1884 and shortly afterwards, payable quantities of gold were found at Halls Creek by Hall and Slattery.

Gold was first found at Mt Dockrell in 1888 and since then gold has been won from both alluvial and hard rock sources. The field had very little exploration work completed on it between the late 1880's and the 1980's with only moderate exploration being undertaken by prospectors during the 1930's to 1950's. The area is renowned for its gold nuggets, with the largest being found reported at 15 ounces. To date some 61 separate gold occurrences/prospects have been located in the area and drilling has been undertaken on six of these. Refer to **Figure 3** showing the known prospects within the current Crackerjack Project tenement.

More recent exploration of the area was commenced in 1988 by Maldon Minerals. The company conducted geological mapping and reconnaissance RC drilling within historical tenements ML80/194 and 195. Additionally, reconnaissance drainage sampling was conducted over the surrounding tenements, monsoonal rains permitting. Maldon drilled forty RC holes for a total of 1,603 metres. The holes were positioned so as to intercept extensions of suspected mineralisation beneath some of the historic gold workings. Their exact locations were recorded only on prospect-scale sketches compiled in Maldon's Mt Dockrell Project Annual Technical Report of 1990 (DMP WAMEX Report No. A30309) and are yet to have collar locations verified on the ground.

In 2000, New Millenium Resources undertook four distinct phases of exploration within the region. These included: engagement of International Earthscan Pty Ltd to conduct a structural and mineral alteration interpretation; a detailed geological and historical evaluation research was completed of the Mt Dockrell region; geological consultants engaged by the company undertook field a field survey during November and December 1999; and lastly a local miner was engaged to mine alluvials from the tenement under tribute, however no mining was actually recorded.

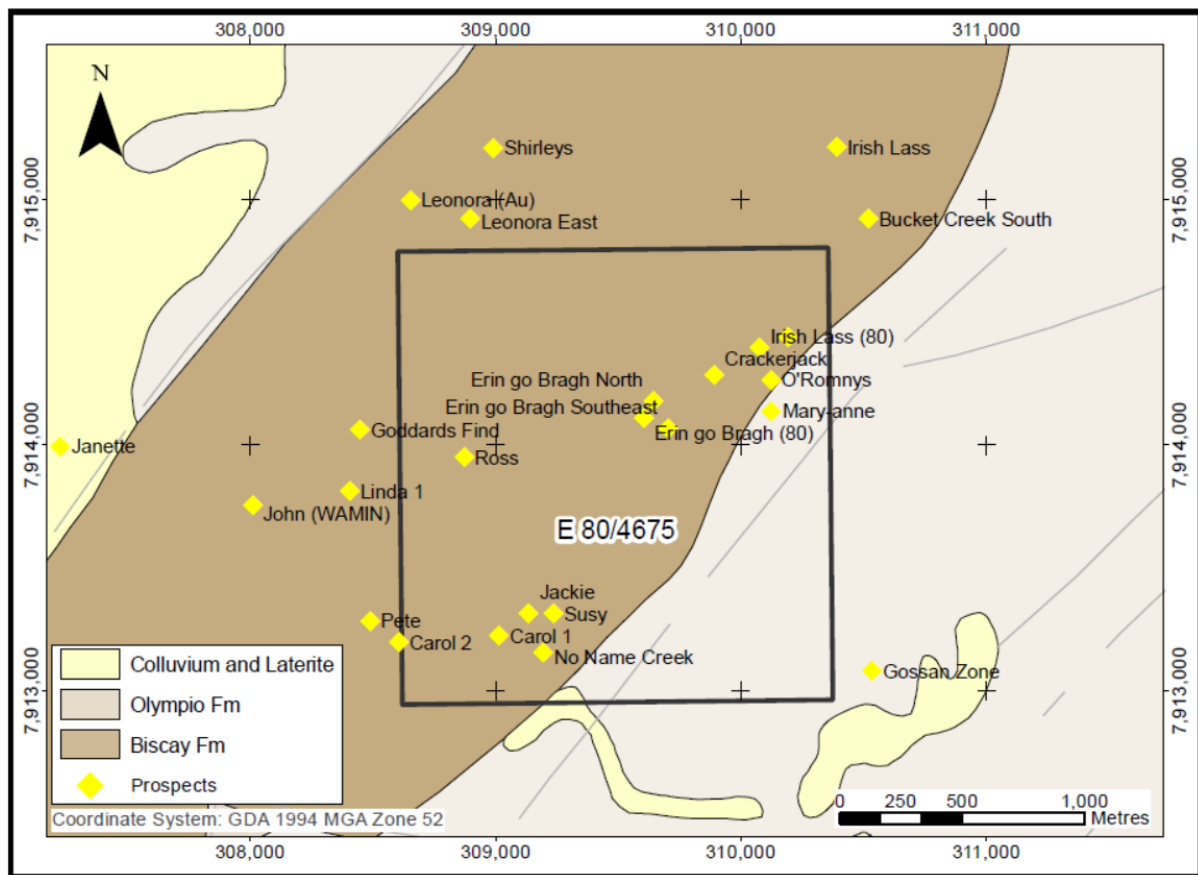


Figure 3 Crackerjack tenement area showing historical gold prospects

#### Exploration Work Completed by Panex Resources Australia Pty Ltd (“Panex”)

Panex has completed a desktop data review of previous work completed within the area and conducted an initial site visit to complete Due Diligence of the tenement prior to securing it.

Field work, completed during May 2016, consisted of a six day site visit by a geologist and technical assistant.

Five rock chip and grab samples were taken from quartz-rich mafic schists and quartz stockwork at the prospect to confirm the presence of gold mineralisation and quantify the grade of sulphide target minerals. Samples were taken to confirm mineralisation indicated by historical rockchip samples taken by previous tenement holders.

Assay results for the 5 samples were very encouraging. Three of the samples returned significant gold assays including 15.7 g/t gold, 1.94 g/t gold and 2.67 g/t gold. One sample returned 1430 ppm copper and one sample returned 1340 ppm lead. Sample NF16CJ001 was taken from a mineralised structure approximately 3m wide with multiple parallel quartz veins of no more than 15cm individual width, so could be considered a ‘bulked-out’ sample. It returned 15.7 g/t gold and 1340 ppm lead. The structure continued for an observable strike length approaching 300 metres.



## **Summary of Potential**

The Crackerjack Gold Project area demonstrates potential for various styles of mineralisation including;

- Shear/vein-hosted Au-Pb-As-Ag- /-Cu-Zn,
- Shear-hosted Cu-Au-Ag and,
- Quartz-carbonate-pyrite veining as host to Pb-Zn-Cu

The deformation history of the area and complex interactions between structures and lithological units would seem to constrain the size potential of mineral deposits in the region, although the lack of recent exploration does indicate considerable potential for those companies committed to discovery in the area.

Based on this initial information and results obtained there exists evident potential for high grade gold mineralisation being present. Gold is the only metal likely to be found in economic grades and quantities. Specifically, areas of brittle failure within anticlinal structures and associated brittle-ductile faulting may prove to host more significant mineralisation. As a result of the narrow width and limited strike of structures as historically recorded and also observed by the Company during the recent field trip, a steady phased approach to exploration work is recommended. A program of more detailed mapping and sampling for multi-element analysis may be used to enhance geological targeting of Woodward Dolerite sills as well as structures and alteration that may indicate gold mineralisation worthy of drill testing.

In particular the historic line of workings from Irish Lass (80) – Crackerjack – Crackerjack South – Erin go Bragh – The Three Sisters (Carols) appear to be located in the most well-mineralised stratigraphic horizon within the upper Biscay Formation and should form the focus of future activities.

Soil or drainage sampling is expected to be of little benefit as all stream channels are anomalous in gold due to the widespread occurrence of alluvial and eluvial deposits.

## **Current Exploration by Okapi**

The Company proposes the following work plan, which is currently underway:

- Comprehensive desktop study to obtain any outstanding available information related to mineralisation in the tenement area.
- Digitise the prospect-scale sketches of the historic workings and drill hole locations produced by Maldon Minerals to create digital records of these data. Validate these locations 'on the ground'.
- Complete structural mapping on the project and continue to examine alteration/grade relationships to improve the understanding and definition of mineralisation boundaries. Use rock chip sampling, trenching or RAB drilling as required.
- Utilise multi-element geochemical techniques on bedrock samples to empirically define the proximal and distal alteration associated with known gold mineralising conduits and traps.
- Use this information to generate further targets within the Project area.
- RC drill test the more prospective targets to confirm indications of economic gold and/or base metal mineralisation.

**MAMBASA GOLD PROJECT**

**Property Description and Location**

The Mambasa Gold Project consists of two granted licences, PE364 and PE480, located approximately 18km to the south of the town of Mambasa, in the Mambasa District of Ituri Province in the north-eastern DRC (Figures 4 and 5).

Several areas of historic and current artisanal workings are present on the licences, including the abandoned colonial Prince Leopold Gold Mine. Most of these workings cluster around the more easily accessed areas close to the historic workings and along streams and rivers.

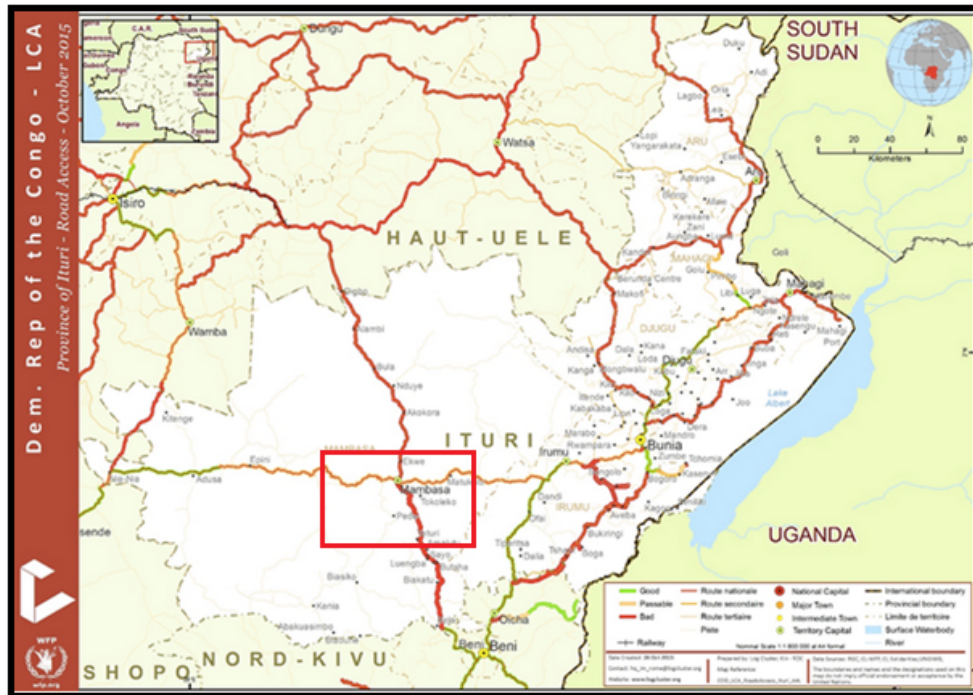


Figure 4 Location of the Mambasa Gold Project in Ituri Province, DRC (Figure 5 area in red)

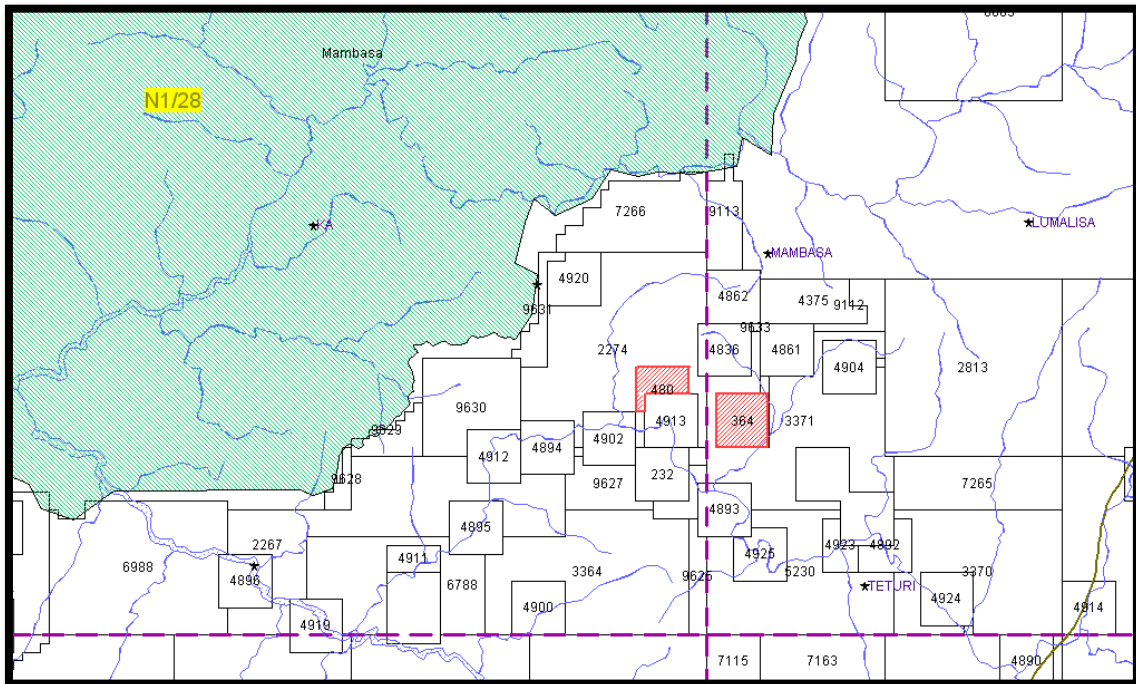


Figure 5 Mambasa Gold Project licences relative to neighbouring licences

Okapi has the right to earn a 70% majority interest in the Mambasa project through certain cash payments and expenditure on the licences.

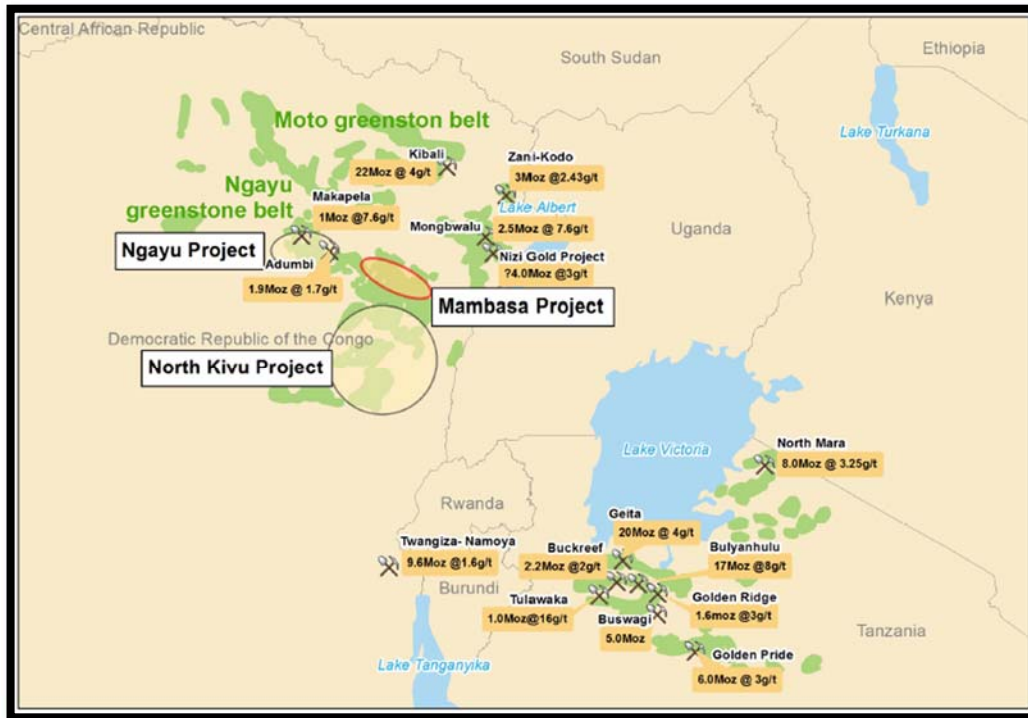
#### Accessibility, Climate and Infrastructure

A tarmac airstrip is maintained close to the town of Bunia, principally to service regional flights within the DRC. Access from Bunia to the Project area is via the sealed, all-weather regional road west for some 150 km to Mambasa village. Vehicular access is then via a poorly-maintained gravel road south east for a distance of 19.5 km to the Pede track turn-off and thence a further 10 km south-west to the regional village of Pede. The Project licences are then accessed using a walking track from the village of Pede. The centre of licence PE364 is approximately 5 km along the track and PE480 11.5 km along the track. Further access within the licence areas is by a network of pedestrian trails.

Local infrastructure is typical of remote rural Africa, with poorly maintained unsealed roads and few public manufacturing or engineering services available. An intermittent power supply is provided by a local grid system, established and managed by the power generation arm of Sokimo from local hydroelectric dams.

#### Geological Setting and Mineralisation

Archaean gneisses and granite-greenstone terrains cover much of northeast DRC and extend into the Central African Republic ("CAR"), western Uganda and southern Sudan (Figure 6). Old basement gneisses, dated at about 3.5 Ga, are known as the Bomu (amphibolite-pyroxene gneisses and granites) and West Nile Complexes. Scattered greenstone belts known as the Ganguan and Kibalian Greenstone Belts have been dated at older than 2.9 Ga and 2.81 Ga respectively.



**Figure 6 Regional map of Greenstone belts showing major project location**

The Mambasa Gold Project area is located within the Archaean Kibalian-Uele granitoid-greenstone belt of the Northeast Congo Craton (NECC) and encompasses almost the entire Mambasa belt, one of the nine gold-bearing greenstone belts in the region. The Kibalian granitoid-greenstone terrane consists of 15% greenstones, with the Mambasa Greenstone Belt representing the most extensively preserved greenstones, and 85% granitoids, including tonalities, diorites and granodiorites (Cahen, et al., 1984).

An older generation of mafic-ultramafic greenstones is intruded by ~2.9 to 2.8 Ga tonalities, while a younger generation of greenstones, the Kibalian greenstones, with mafic-intermediate volcanic, sediments and banded iron formation is intruded by ~2.5 to 2.4 Ga granites.

The Mambasa Greenstone Belt is geologically similar to Geita Greenstone Belt of northern Tanzania and the Ngayu Greenstone Belt, with gold deposits spatially related to banded ironstone formations.

Tropical weathering has reduced the near surface rock to an unrecognizable saprolite beneath approximately one metre of organic soil, gravel, and local laterite. Underlying the saprolite is a transition zone of easily recognizable, but highly oxidized rock to depths that vary from 20 m to 80 m, typically 50 m, with the larger depths found in areas of positive topography.

The Belgian colonialists discovered high grade quartz veins, stockworks and disseminated gold in the Mambasa area. In general gold mineralization is associated with steeply dipping quartz veins and stockworks and as disseminations in banded ironstone formations within both PE364 and PE480.

Within PE364, there is intense small-scale mining activity in the location of what is believed to be the historical Belgian Mine. A relatively new artisanal site in northern part of the Mambasa belt within PE364 is a mineralised zone of 600+ metre strike length being exploited by artisanal miners to a maximum depth of 25 metres on a series of sub vertical quartz veins in a hydrothermally altered BIF in a 15-20 metre thick geological sequence.

If the initial conceptual model proposed for the Mambasa Project is aligned with the geological interpretation and current understanding of the work completed by Kilo Goldmines within the Ngayu greenstone belt, there exists potential for gold mineralisation of significance within the project area.

## **Mineralisation**

In accordance with other gold mines in similar regional geological settings, the style of mineralisation being targeted in the Mambasa Gold Project are associated with epigenetic mesothermal style mineralisation. This style of mineralization is typical of gold deposits in Archaean and Proterozoic greenstone terranes and is generally associated with regionally metamorphosed rocks that have experienced a long history of thermal and deformational events. These deposits are invariably structurally controlled and mineralisation is commonly the fracture and vein type in brittle fracture to ductile dislocation zones.

## **Deposit Type and Target Model**

Gold within the Kilo-Moto Belt is associated with epigenetic mesothermal style mineralisation, consistent with the majority of Archaean and Proterozoic greenstone terranes worldwide, including the Birimian Supergroup of West Africa, the Yilgarn Block in Western Australia, the Lake Victoria District in Tanzania and the Abitibi Greenstone Belt in Canada.

This style of mineralisation is generally associated with regionally metamorphosed terrains that have experienced a long history of thermal and deformational events. As such, these gold deposits are invariably structurally controlled.

The most common style of mineralisation in this setting is fracture- and vein-type gold mineralisation in zones of brittle fracture to ductile dislocation. Deposits of this type are best developed in the Kilo sector of the Kilo-Moto district where AngloGold Ashanti Ltd explored for 'mylonite'- hosted vein-style mineralisation until 2014.

In the Moto district gold mineralisation has a different form and style. The major deposits in this district are of the disseminated style hosted within a sequence of coarse volcanoclastic and sedimentary rocks. Quartz and quartz-carbonate veins are present within the ore zones but are found to be generally barren.

## **Summary of Potential**

The Mambasa Gold Project is located within the Mambasa Greenstone Belt, Ituri District of the Kilo-Moto Goldfields, a highly prospective regional scale series of greenstone belts hosting numerous small-scale artisanal workings exploiting gold occurrences as well as world class deposits such as the 20 Moz Kibali Gold Project.

The Project can be classified as 'greenfields', centred on an historical high grade gold mining area exploited by artisan miners. There is little information available on previous exploration and exploitation activities, with the exception of reference to limited Belgian Congo government reports and historic maps.

Based on the age of the host rocks, the structural and tectonic setting of the region, the alteration and deformation styles observed in the field, and the association of gold and mineralization with quartz veins and fault zones, the style of mineralisation interpreted to occur within the Mambasa licences is orogenic vein hosted and mesothermal disseminated gold. The Company considers the potential for the Mambasa Gold Project to host significant economic gold mineralisation as favourable and further work is warranted.

The directors of Okapi Resources Limited (the "Company") submit herewith the financial report for the period from 29 May 2017 (date of incorporation) to 30 June 2017, and the auditor's report thereon.

## DIRECTORS

The following persons were directors of the Company during the whole of the financial period and up to the date of this report unless otherwise indicated:

Klaus Eckhof (appointed 29 May 2017) – Non-executive Chairman  
 Nigel M Ferguson (appointed 29 May 2017) – Managing Director  
 Leonard Vun Chee Math (appointed 29 May 2017) – Non-executive Director

## INFORMATION ON DIRECTORS

### Mr. Klaus Eckhof (Dip. Geol. TU, AusIMM) Appointed 29 May 2017

Mr Eckhof is a geologist with more than 20 years of experience identifying, exploring and developing mineral deposits around the world. Mr Eckhof worked for Mount Edon Gold Mines Ltd before it was acquired by Canadian mining company Teck. In 1994, he founded Spinifex Gold Ltd and Lafayette Mining Ltd, both of which successfully delineated gold and base metal deposits. In 2003, Mr Eckhof founded Moto Goldmines which acquired the Moto Gold Project in the Democratic Republic of Congo. There, Mr Eckhof and his team delineated more than 20 million ounces of gold and delivered a feasibility study within four years from the commencement of exploration. Moto Goldmines was subsequently acquired by Randgold Resources who poured first gold in September 2013.

During the past three years, Mr. Eckhof has also served as a Director of the following listed companies:

Company	Date Appointed	Date Ceased
Amani Gold Limited	12 August 2014	11 July 2017
AVZ Minerals Limited	12 May 2014	-
Carnavale Resources Limited	1 January 2008	20 July 2015

Interest in shares and performance rights:

1,000,000 ordinary fully paid shares

2,500,000 performance rights

### Mr. Nigel Ferguson (BSc Geology, FAusIMM, MAIG) Appointed 29 May 2017

Mr Ferguson is a geologist with 30 years of experience having worked in senior management positions for the past 20 years in a variety of locations. He has experience in the exploration and definition of precious and base metal mineral resources throughout the world, including DRC, Zambia, Tanzania, Saudi Arabia, South East Asia and Central America. He has been active in the DRC since 2004 in gold and base metals exploration and resource development.

During the past three years, Mr. Ferguson has also served as a Director of the following listed companies:

Company	Date Appointed	Date Ceased
AVZ Minerals Limited	2 February 2017	-

Interest in shares and performance rights:

2,000,010 ordinary fully paid shares

1,500,000 performance rights

**Mr. Leonard Math (BCom, CA)**  
**Appointed 29 May 2017**

Leonard graduated from Edith Cowan University in 2003 with a Bachelor of Business majoring in Accounting and Information Systems. He is a member of the Institute of Chartered Accountants. He previously worked as an auditor at Deloitte and has more than 10 years experienced with public company responsibilities including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting and shareholder relations.

He is currently the CFO and Company Secretary for Gulf Manganese Corporation Limited

During the past three years, Mr. Math has also served as a Director of the following listed companies:

<b>Company</b>	<b>Date Appointed</b>	<b>Date Ceased</b>
Kore Potash Limited	24 April 2014	-
RMA Energy Limited	24 May 2013	19 January 2017
Global Gold Holdings Limited	25 May 2016	1 February 2017
Kangaroo Resources Limited	5 August 2015	1 December 2015

Interest in shares and performance rights:  
Nil

#### **COMPANY SECRETARY**

**Craig Nelmes (B. Bus Accounting & Finance)**  
Appointed 29 May 2015

Craig Nelmes joined De Grey Mining Limited in October 2013 and is an Accountant with over 20 years' experience in the mining sector in Australia and overseas, as well as seven years with International Accounting firm Deloitte. Since 2007, Mr. Nelmes has been employed with Corporate Consultants Pty Ltd, a Company providing accounting, secretarial and administrative services to ASX and TSX listed entities.

Interest in shares and performance rights:  
100,000 ordinary fully paid shares

#### **PRINCIPAL ACTIVITIES**

The Company was incorporated on 29 May 2017 to carry on the business of mineral exploration with a specific focus on gold exploration. The Company's primary aim in the near-term is to explore for, discover and develop gold deposits on the mineral exploration projects within Australia and the Democratic Republic of Congo ("DRC") it has acquired subsequent to the reporting date. The Projects are prospective for gold and/or base metals. They range from early-stage exploration over areas that have not been subject to significant exploration such as the Crackerjack Project, Australia, to more advanced exploration in areas that have recorded historical mining activity and current artisanal activity at the Mambasa Project, DRC. Also refer to the Subsequent Event commentary on page 8 of this Directors' Report.

The Company will also be actively reviewing additional projects that would create wealth for the company and its shareholders.

#### **FINANCIAL REVIEW**

The result of the Company for the financial period ended 30 June 2017 was a loss after tax of \$27,462.

#### **EARNINGS PER SHARE**

The basic loss per share for the period ended 30 June 2017 was 0.8 cents.



## **Audited Remuneration Report**

This report details the nature and amount of remuneration for all key management personnel of Okapi Resources Limited and its subsidiaries. The information provided in this remuneration report has been audited as required by section 308(C) of the *Corporations Act 2001*. For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The individuals included in this report are:

		Appointment date:
Klaus Eckhof	Non-Executive Chairman	29 May 2017
Nigel Ferguson	Managing Director	29 May 2017
Leonard Math	Non-Executive Director	29 May 2017
Craig Nelmes	CFO/Company Secretary	29 May 2017

### **(a) Remuneration Policy**

The remuneration policy of Okapi Resources Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. By providing components of remuneration that are indirectly linked to share price appreciation (in the form of options and/or performance rights), executive, business and shareholder objectives are aligned. The board of Okapi Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as create goal congruence between directors and shareholders. The board's policy for determining the nature and amount of remuneration for board members is as follows:

#### **(i) Executive Directors & Other Key Management Personnel**

The remuneration policy and the relevant terms and conditions has been developed by the full Board of Directors as the company does not have a Remuneration Committee due to the size of the Company and the Board. In determining competitive remuneration rates, the Board reviews local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Company is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Mr. Ferguson was appointed Managing Director on 29 May 2017 and receives an annual remuneration package of \$167,250 through an Executive Services Agreement. Mr Ferguson provides his services as Managing Director through Ridgeback Holdings Pty Ltd as trustee for the Ferguson Family Trust. Mr Ferguson's employment may be terminated by the Company giving 6 months' notice. The Company may otherwise terminate his employment immediately for cause. There are no other service or consulting agreements in place with key management personnel. At this stage due to the size of the Company, no remuneration consultants have been used. The Board's remuneration policies are outlined below:

#### *Fixed Remuneration*

All executives receive a base cash salary which is based on factors such as length of service and experience as well as other fringe benefits. If entitled, all executives also receive a superannuation guarantee contribution required by the government, which is currently 9.50% and do not receive any other retirement benefits.



*Short-term Incentives (STI)*

Under the Company's current remuneration policy, executives can from time to time receive short-term incentives in the form of cash bonuses. No short term incentives were paid in the current financial year. The Board is currently determining the criteria of eligibility for short-term incentives and will set key performance indicators to appropriately align shareholder wealth and executive remuneration.

*Long-term Incentives (LTI)*

Executives are encouraged by the Board to hold shares in the company and it is therefore the Company's objective to provide incentives for participants to partake in the future growth of the Company and, upon becoming shareholders in the Company, to participate in the Company's profits and dividends that may be realised in future years. The Board considers that this equity performance linked remuneration structure is effective in aligning the long-term interests of Company executives and shareholders as there exists a direct correlation between shareholder wealth and executive remuneration.

(ii) *Non-Executive Directors*

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. In determining competitive remuneration rates, the Board review local and international trends among comparative companies and the industry generally. Typically, the Company will compare non-executive remuneration to companies with similar market capitalisations in the exploration and resource development sector.

(b) **Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration**

No relationship exists between the Company performance, earnings, shareholder wealth and Directors' and Executive remuneration for this financial period. With the exception of the Managing Director, no executive is receiving any base remuneration. No remuneration is currently performance related.

(c) **Details of Key Management Personnel Remuneration**

**2017**

Name	Director fees	Post employ- ment	Share Based Payments	Total	Fixed remun- eration
	\$	\$	\$	\$	%
<b>Executive Director:</b>					
Nigel Ferguson	6,969	-	-	6,969	100
<b>Non-Executive Directors:</b>					
Klaus Eckhof	2,917	-	-	2,917	100
Leonard Math	2,500	-	-	2,500	100
<b>Other Executives</b>					
Craig Nelmes <sup>1</sup>	-	-	-	-	-
<b>TOTAL</b>	<b>12,386</b>	<b>-</b>	<b>-</b>	<b>12,386</b>	

<sup>1</sup> Mr. Nelmes provided CFO and secretarial services via his employer Corporate Consultants Pty Ltd, a non-related party.

**(d) Key Management Personnel Compensation – other transactions**

- (i) Options provided as remuneration and shares issued on exercise of such options.

No options were provided as remuneration during the year.

- (ii) Loans to key management personnel

No loans were made to any director or other key management personnel of the Company, including related parties during the financial year.

- (iii) Other transactions with key management personnel

No other transactions with key management personnel occurred during the financial year.

*Terms and conditions of related party transactions*

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

- (v) Ordinary shareholdings

The number of shares in the company held during the financial year by each director of Okapi Resources Limited and other key management personnel of the Company, including related parties, are set out below. There were no shares granted during the year as remuneration, apart from those issued as a result of performance rights vesting.

	Balance at the start of the year	Received as remuneration	Other Changes	Balance at the end of the year
2017				
Directors of Okapi Resources Limited				
Nigel Ferguson (1)	-	-	2,000,010	2,000,010
Klaus Eckhof (2)	-	-	1,000,000	1,000,000
Leonard Math	-	-	-	-
Other executives				
Craig Nelmes	-	-	100,000	100,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,100,010</b>	<b>3,100,010</b>

1: Nigel Ferguson held an interest in 2,000,010 shares from incorporation of Okapi Resources Limited.

2: Klaus Eckhof held an interest in 1,000,000 shares from incorporation of Okapi Resources Limited.

There have been no options or performance rights issued to the current directors and executives as part of their remuneration in the financial year.

**This is the end of the audited remuneration report.**

## **LIKELY DEVELOPMENTS**

The Company's focus over the next financial year will be carry out early stage exploration works on its mineral resource projects and to review additional projects that may be presented to the Company.

## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the financial year, other than the Company issued an initial public offer ("IPO") prospectus with ASIC on 28 June 2017 and has subsequently listed on 28 September 2017 (Refer to the Section that follows "Subsequent events").

## **SUBSEQUENT EVENTS**

Since the end of the financial period and to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in the subsequent financial year, except for the following:

1. On 13 September 2017 and on closing of the IPO prospectus, the Company issued 25 million ordinary fully paid shares in the Company (Shares) at an issue price of \$0.20 per share, pursuant to the public offer, and raising \$5 million (before costs).
2. On 27 September 2017, the Company announced that the conditions precedent under the Share Sale Agreement between the Company and Panex Resources Inc, dated 16 June 2017, have been satisfied to acquire all of the issued shares in Panex Resources WA Pty Ltd, the holder of exploration licence E 80/4675 ("Crackerjack project"), for a consideration of \$30,000.
3. On 27 September 2017, the Company announced that the conditions precedent under the Mambasa Joint Venture Agreement between the Company, Kalubamba SARL and Medidoc FZE (jointly referred to as the "Vendors"), dated 8 June 2017, have been satisfied. 1,000,000 ordinary fully paid shares have been issued to each of the vendors and authority given to execute a cash payment to Kalubamba SARL of USD\$50,000 on confirmation of their international bank account instruction.
4. On 28 September 2017, the Company was Officially Admitted to the ASX and commenced trading under the ASX ticker code "OKR".
5. The Company issued 1,699,999 class A performance rights, 1,699,999 class B performance rights and 1,700,002 class C performance rights, and with an effective date of the commencement of official quotation, being 28 September 2017.

## **SHARE OPTIONS**

As at 30 June 2017, there were no options over unissued ordinary shares in the Company outstanding, with no options having been issued from incorporation up to the date of this report.

There have been no options issued subsequent to balance date and up to the date of this report.

## **DIVIDENDS PAID OR RECOMMENDED**

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

#### **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

#### **ENVIRONMENTAL REGULATION**

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

#### **PROCEEDINGS ON BEHALF OF COMPANY**

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

#### **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the period ended 30 June 2017 has been received and forms part of the Directors' report and can be found on page 6 of the financial report.

#### **NON-AUDIT SERVICES**

There have been no non-audit services provided by the Company's auditor during the period.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors.



**Nigel M Ferguson**  
**Director**

1 October 2017  
Perth, Western Australia

**Okapi Resources Limited**  
**Corporate Governance Statement**  
**For the period ended 30 June 2017**

The Board of Directors of Okapi Resources Limited (“Okapi”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Okapi on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company’s governance approach aims to achieve exploration, development and financial success while meeting stakeholders’ expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) (**ASX Recommendations**). The Corporate Governance Statement is current as at 30 June 2017, and has been approved by the Board of Directors.

The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation. The Company has adopted the following Corporate Governance Policies which provides the written terms of reference for the Company’s corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company’s operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles.

The Company has established the following Charter and Corporate Governance Policies, and which are available on the Company’s website at [www.okapiresources.com](http://www.okapiresources.com)

ASX Principal and Recommendation	Compliance yes/no	Explanation
<b><i>Principle 1: Lay solid foundations for management and oversight</i></b>		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	The Company has adopted a Board Charter ( <b>Charter</b> ) which discloses the roles and responsibilities of the Board and senior management. Under the Charter, the Board is responsible for the overall operation and stewardship of the Company (and any future subsidiaries), including charting the direction, strategies and financial objectives for the Company (and any future subsidiaries), monitoring the implementation of those policies, strategies and financial objectives, and monitoring compliance with regulatory requirements and ethical standards. The Charter is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Yes	The Company will conduct background checks of candidates for new Director positions prior to their appointment or nomination for election by Shareholders, including checks as to good character, experience, education, qualifications, criminal history and bankruptcy. The Company does not propose to conduct specific checks prior to nominating an existing Director for re-election by Shareholders at a general meeting. The Company will include in its notices of meeting a brief biography of each Director who stands for election or re-election.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	Under the Charter, the Company Secretary reports directly, and is accountable, to the Board through the Chairman in relation to all governance matters.

**Okapi Resources Limited**  
**Corporate Governance Statement**  
**For the period ended 30 June 2017**

<b>ASX Principal and Recommendation</b>	<b>Compliance yes/no</b>	<b>Explanation</b>
<p>Recommendation 1.5  A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board</p>	No	The Company has not adopted a Diversity Policy. The Board considers that a diversity policy is not necessary given the current size and scope of the Company's operations.
<p>Recommendation 1.6  A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	The Company has adopted in its Board Charter a process for evaluation of the Board, its committees and individual Directors. This process is conducted by the Board. The Board also performs a commentary function under the Nomination and Remuneration Policy. The Company will disclose if a performance evaluation has been conducted.
<p>Recommendation 1.7  A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	The Company has in place a formal process for evaluation of its key executives. The Nomination and Remuneration Policy provides that the Board will undertake performance evaluation of the Directors and senior management on at least an annual basis. Performance of Directors and senior management is assessed against performance criteria set by the Board.
<b>Principal 2: Structure the Board to add value</b>		
<p>The board of a listed entity should:</p> <p>(a) have a nomination committee; or</p> <p>(b) if it does not have a nomination committee, disclose that fact</p>	No	The Company does not have a nomination committee at this stage. The Board considers that, given the current size and scope of the Company's operations, efficiencies or other benefits would not be gained by establishing a separate nomination committee.
<p>Recommendation 2.2  A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	No	The Company does not currently have a skills or diversity matrix in relation to the Board members. The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations.
<p>Recommendation 2.3  A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes	Disclosure of the names of Directors considered by the Board to be independent will be provided in the Company's annual reports. At the Prospectus Date, Leonard Math is considered to be independent for the purposes of ASX Recommendation 2.3. Details of the Directors' interests, positions, associations and relationships are provided in Sections <b>Error! Reference source not found.</b> , <b>Error! Reference source not found.</b> and <b>Error! Reference source not found.</b> . The length of service of each Director will be provided in the annual report for each financial year. .
<p>Recommendation 2.4  A majority of the board of a listed entity should be independent directors.</p>	No	The Board is not comprised of a majority of independent Directors. There is currently one Director who satisfies the criteria for independence for the purposes of ASX Recommendation 2.3, being

**Okapi Resources Limited**  
**Corporate Governance Statement**  
**For the period ended 30 June 2017**

ASX Principal and Recommendation	Compliance yes/no	Explanation
		Leonard Math. However, given the size and scope of the Company's operations, the Board considers that it has relevant experience in the mining and exploration sector (particularly in relation to gold mining and exploration) and is appropriately structured. The Board intends to appoint further independent Non-Executive Directors as the size and scale of the Company's operations warrant.
<p>Recommendation 2.5  The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Yes	The Chairman of the Board (Klaus Eckhof) is considered not to be an independent Director for the purposes of ASX Recommendation 2.3 as he is a substantial shareholder in the Company, but he does not perform the role of chief executive officer. The Managing Director (Nigel Ferguson) performs the role of chief executive officer.
<p>Recommendation 2.6  A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	No	The Company does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of the Company's operations.
<b><i>Principal 3: Act ethically and responsibly</i></b>		
<p>Recommendation 3.1  A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	<p>The Board believes that the success of the Company will be enhanced by a strong ethical culture within the organisation.</p> <p>Accordingly, the Company has established a Code of Conduct which sets out the standards with which the directors, officers, managers, employees and consultants of the Company (and any future subsidiaries) are expected to comply in relation to the affairs of the Company's business and when dealing with each other, Shareholders and the broader community.</p> <p>The Code also outlines the procedure for reporting any breaches of the Code and the possible disciplinary action the Company may take in respect of any breaches.</p> <p>In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.</p>
<b><i>Principal 4: Safeguard integrity in corporate reporting</i></b>		
<p>Recommendation 4.1  The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are nonexecutive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including</p>	No	<p>The Company has not established a separate audit committee. Under the Charter, the role of the audit committee is undertaken by the full Board. The Board considers that, given its current size and that only one Director holds an executive position in the Company, efficiencies or other benefits would not be gained by establishing a separate audit committee. As the Company's operations grow, the Board will reconsider forming a separate audit committee. The audit functions of the Board are set out in the Charter which is available on the Company's website.</p>

**Okapi Resources Limited**  
**Corporate Governance Statement**  
**For the period ended 30 June 2017**

<b>ASX Principal and Recommendation</b>	<b>Compliance yes/no</b>	<b>Explanation</b>
the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	The Company will obtain declarations from its Managing Director and Company Secretary before its financial statements are approved substantially in the form referred to in Recommendation 4.2.
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to aVictoriaer questions from security holders relevant to the audit.</p>	Yes	As at the Prospectus Date, the Company is yet to hold its first annual general meeting. The Company will request its external auditor to attend each annual general meeting of the Company and be available to aVictoriaer questions from Shareholders in relation to the conduct of the audit and the preparation and content of the auditor's report.
<b><i>Principal 5: Make timely and balanced disclosure</i></b>		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	The Company has adopted a Continuous Disclosure and a Communications Policy. The Company is a "disclosing entity" pursuant to section 111AR of the Corporations Act and, as such, is required to comply with the continuous disclosure requirements of section 674 of the Corporations Act and, following admission to ASX, Chapter 3 of the ASX Listing Rules. The Company is committed to observing its disclosure obligations under the Corporations Act and its obligations under the ASX Listing Rules. Following admission to ASX, all announcements provided to ASX will be posted on the Company's website. The Continuous Disclosure and Market Communications Policy is available on the Company's website.
<b><i>Principle 6: Respect the rights of security holders</i></b>		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	Information about the Company, including its corporate governance and copies of its various corporate governance policies and charters, is available on the Company's website.
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>The Company has adopted a with Communications Policy, to facilitate the effective exercise of Shareholders' rights by communicating effectively with Shareholders, giving Shareholders ready access to Company information and making it easy for Shareholders to participate in general meetings of the Company. The Company will communicate with Shareholders:</p> <ul style="list-style-type: none"> <li>▪ following admission through releases to the market via the ASX;</li> <li>▪ through the Company's website;</li> </ul>



**Okapi Resources Limited**  
**Corporate Governance Statement**  
**For the period ended 30 June 2017**

ASX Principal and Recommendation	Compliance yes/no	Explanation
		<ul style="list-style-type: none"> <li>▪ through information provided directly to Shareholders; and</li> <li>▪ at general meetings of the Company.</li> </ul>
<p>Recommendation 6.3  A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>The Company supports Shareholder participation in general meetings and seeks to assist such participation, by ensuring that meetings are held at convenient times and places. The Company will provide all of the information that is relevant to Shareholders in making decisions on matters to be voted on at the meeting. The Company will use general meetings as a tool to communicate with Shareholders and give Shareholders a reasonable opportunity to ask questions of the Board and to otherwise participate in the meeting. Means to encourage and facilitate Shareholder participation will be reviewed regularly to encourage Shareholder participation.</p>
<p>Recommendation 6.4  A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	<p>The Company considers that communicating with Shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner. The Company provides new Shareholders with the option to receive communications from the Company electronically.</p>
<p><b><i>Principle 7: Recognise and manage</i></b></p>		
<p>Recommendation 7.1  The board of a listed entity should:  have a committee or committees to oversee risk; or  if it does not have a risk committee or committees disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	No	<p>The Company does not have a separate risk management committee. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed in accordance with the Company's Risk Management Policy. The Board considers that, given the current size and scope of the Company's operations and that only one Director holds an executive position in the Company, efficiencies or other benefits would not be gained by establishing a separate risk management committee. At a later date the Board will consider forming a separate risk management committee. However, the Company has adopted a Risk Management Policy to provide a framework for identifying, assessing, monitoring and managing risk.</p>
<p>Recommendation 7.2  The board or a committee of the board should:  review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and  disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Board has responsibility for the monitoring of risk management and will review the Company's risk management framework on an annual basis to ensure the Company's risk management framework continues to be effective.  Disclosure of the outcome of the annual risk management review will be included in the annual report.</p>

**Okapi Resources Limited**  
**Corporate Governance Statement**  
**For the period ended 30 June 2017**

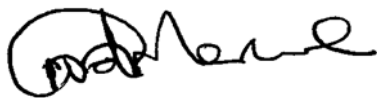
<b>ASX Principal and Recommendation</b>	<b>Compliance yes/no</b>	<b>Explanation</b>
<p>Recommendation 7.3  A listed entity should disclose:  if it has an internal audit function, how the function is structured and what role it performs; or  if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	No	<p>The Company does not currently have an internal audit function. This function is undertaken by relevant staff under the direction of the full Board. The Company has adopted internal control procedures pursuant to its Risk Management Policy. The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's operations. At a later date, the Board will consider adopting an internal audit function.</p>
<p>Recommendation 7.4  A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>		<p>The Company's primary activity is mineral exploration and development with a focus on gold. These activities do not expose the Company to any particular economic, environmental or social sustainability risks not faced by all other participants in mineral exploration in Western Australia or the DRC. The Board has considered on an on-going basis whether the Company has any particular exposure to material economic, environmental and social sustainability risks in the DRC and, if identified, the Company will include details in its annual report for each financial year of such risks.</p>
<b>Principal 8: Remunerate fairly and responsibly</b>		
<p>Recommendation 8.1  The board of a listed entity should:  have a remuneration committee; or  if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	No	<p>The Company does not have a separate remuneration committee. The role of the remuneration committee is undertaken by the Board. The Board considers that, given its current size and that only one Director holds an executive position in the Company, no benefit would be gained by establishing a separate remuneration committee. The Company will set out the remuneration paid to Directors annually in the remuneration report contained within the Company's annual report to Shareholders. At a later date the Board will consider forming a separate remuneration committee.</p>
<p>Recommendation 8.2  A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives</p>	Yes	<p>The Company's policies and practises regarding the remuneration of Executive and Non- Executive Directors and other senior executives will be set out in the remuneration report contained in the Company's annual report for each financial</p>
<p>Recommendation 8.3  A listed entity which has an equity-based remuneration scheme should:  (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and  (b) disclose that policy or a summary of it.</p>	Yes	<p>The Company does not have an equity-based remuneration scheme or plan at the Prospectus Date. However, the Company's Securities Trading Policy sets out the circumstances in which the Company's directors, executives, employees, contractors, consultants and advisors (Designated Persons) are prohibited from dealing in the Company's securities. The Shares Trading Policy is available on the Company's website.</p>

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Okapi Resource Limited for the period ended 30 June 2017, 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.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE  
Director

Perth  
Date: 1 October 2017

**Okapi Resources Limited**  
**Statement of Comprehensive Income**  
**For the period ended 30 June 2017**

	Note	2017 \$
<b>Revenue</b>		
Interest income		61
		61
<b>Expenditure</b>		
Audit fees		(7,500)
Director fees		(12,386)
Employees & consultants		(5,000)
Promotional & website		(2,625)
Administration		(12)
		(27,462)
Loss before income tax		(27,462)
Income tax expense	3	-
		-
<b>Loss after income tax from continuing operations</b>		<b>(27,462)</b>
<b>Other Comprehensive income/(loss)</b>		-
<i>Items that may be reclassified to profit or loss</i>		
<b>Total comprehensive loss for the year</b>		<b>(27,462)</b>
Loss per share attributable to the ordinary security holders of the Company (cents per share)		0.8

*The accompanying notes form part of these financial statements*

**Okapi Resources Limited**  
**Statement of Financial Position**  
**As at 30 June 2017**

	Note	2017 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	19,062
Trade and other receivables	5	25,224
<b>Total current assets</b>		<u>44,286</u>
<b>Non-current assets</b>		
Other assets	6	65,032
		<u>65,032</u>
<b>Total assets</b>		<u>109,318</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	7	35,300
<b>Total current liabilities</b>		<u>35,300</u>
<b>Total liabilities</b>		<u>35,300</u>
<b>Net assets</b>		<u>74,018</u>
<b>Equity</b>		
Issued capital	8	101,480
Accumulated losses		(27,462)
<b>Total equity</b>		<u>74,018</u>

*The accompanying notes form part of these financial statements*

**Okapi Resources Limited**  
**Statement of Changes in Equity**  
**As at 30 June 2017**

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2017	Issued capital	Accumulated Losses	Total
	\$	\$	\$
<i>Opening Balance – 29 May 2017</i>	-	-	-
Loss for the period	-	(27,462)	(27,462)
<i>Total comprehensive loss for the period</i>	-	(27,462)	(27,462)
Shares issued during the period	101,480	-	101,480
<i>Balance as at 30 June 2017</i>	<b>101,480</b>	<b>(27,462)</b>	<b>(74,018)</b>

**Okapi Resources Limited**  
**Statement of Cash Flows**  
**As at 30 June 2017**

---

	Note	2017
<b>Cash flows from operating activities</b>		
Interest received		32
Payments to suppliers		<u>(24,918)</u>
<b>Net cash outflows from operating activities</b>	14	<u>(24,886)</u>
<b>Cash flows from financing activities</b>		
Proceeds from share issue		101,480
Share issue and IPO costs		<u>(57,532)</u>
<b>Net cash inflows from financing activities</b>		<u>43,948</u>
<b>Net increase in cash and cash equivalents held</b>		<b>19,062</b>
Cash and cash equivalents at the beginning of the period		<u>-</u>
<b>Cash and cash equivalents at the end of the period</b>	4	<u><b>19,062</b></u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*(a) General information*

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied, unless otherwise stated. The financial statements are for Okapi Resources Limited.

The financial statements are presented in the Australian currency.

Okapi Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 30 September 2017. The directors have the power to amend and reissue the financial statements.

*(b) Basis of preparation*

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Okapi Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

*Historical cost convention*

These financial statements have been prepared on an accruals basis under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

*Adoption of new and revised standards*

In the period ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the current annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company's business and, therefore, no change is necessary to Company accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company.

*(c) 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 applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 entity 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 tax 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 is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(d) *Exploration, evaluation and development expenditure***

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

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

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

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

**(e) *Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**(f) *Cash and cash equivalents***

Cash reserves in the statement of financial position comprise cash on hand.

**(g) *Trade and other receivables***

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

***(h) 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 net asset or 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 component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

***(i) Trade and other payables***

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

***(j) Contributed equity***

Ordinary shares and options are classified as contributed 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.

## **2. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all Board members to be involved in this process. The Board, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

### **(a) Market risk**

#### *(i) Foreign exchange risk*

The Company has minimal operations internationally and there are currently limited exposures to foreign exchange risk arising from currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Company has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements.

#### *(ii) Price risk*

Given the current level of operations, the Company is not exposed to price risk.

#### *(iii) Interest rate risk*

The Company is exposed to movements in market interest rates on cash and cash equivalents.

For the period ended 30 June 2017, an aggregate of \$61 interest was earned and does not warrant any sensitivity analysis based upon the insignificance of this value.

### **(b) Credit risk**

The maximum exposure to credit risk at reporting date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Company is the cash and cash equivalents held with financial institutions. All bank deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Company does not presently have any trade debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

### **(c) Liquidity risk**

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

### **(d) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

**3. INCOME TAX**

**(a) Income tax expense**

Current tax	-
Deferred tax	-
	-
	-

**(b) Numerical reconciliation of income tax expense to prima facie tax payable**

Loss from continuing operations before income tax expense	(27,462)
Prima facie tax benefit at the Australian tax rate of 27.5%	(7,552)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	7,552
Income tax expense	-

**(c) Unrecognised deferred tax assets (i)**

<i>Unrecognised deferred tax assets</i>	
Carry forward tax losses	7,552
Gross deferred tax assets	7,552

(i) No deferred tax asset has been recognised for the above balance as at 30 June 2017 as it is not considered probable that future taxable profits will be available against which it can be utilised.

**4. CASH AND CASH EQUIVALENTS**

	<b>2017</b>
	<b>\$</b>
<b>Current</b>	
Cash at bank (i)	19,062
	19,062

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

**5. TRADE AND OTHER RECEIVABLES**

	<b>2017</b>
	<b>\$</b>
<b>Current</b>	
GST receivables	8,181
Sundry debtors (i)	17,043
	25,224

(i) Sundry debtors are non-interest bearing and have repayment terms between 30 and 90 days.

**6. OTHER ASSETS**

	2017 \$
<b>Non-current</b>	
IPO costs capitalised (i)	65,032
	65,032

(i) IPO costs incurred and in relation to the prospectus, dated 28 June 2017. These costs form part of the total capital raising costs associated with the \$5M raising completed and allotted on 13 September 2017 – refer to Note 17 “Subsequent events”.

**7. TRADE AND OTHER PAYABLES**

	2017 \$
<b>Current</b>	
Trade and other payables (i)	35,300
	35,300

(i) Trade and other payables amounts represent liabilities for goods and services provided to the Company with respect to the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of invoice date.

**8. ISSUED CAPITAL**

	2017 Number	2017 \$
<b>(a) Share capital</b>		
Ordinary shares - fully paid	5,200,100	101,480
<b>Total Share Capital</b>	<b>5,200,100</b>	<b>101,480</b>
<b>(b) Movements in share capital</b>		
<i>Balance on incorporation – 29 May 2017</i>	10	2
<i>Issued during the year:</i>		
Share issue - promoters on 9 June 2017	2,750,000	28
Share issue - seed tranche 1 on 14 June 2017	1,450,000	1,450
Share issue - seed tranche 2 on 14 June 2017	1,000,000	100,000
<i>Balance at end of year – 30 June 2017</i>	5,200,100	101,480

**(c) Ordinary shares**

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 and the Company does not have a limited amount of authorised capital. The Company does not hold any shares in the Company at 30 June 2017.

**8. ISSUED CAPITAL (Continued)**

**(d) Capital risk management**

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

**9. CONTINGENT LIABILITIES**

The Company does not have any contingent liabilities as at reporting date.

**10. COMMITMENTS**

**(a) Exploration commitments**

With the completion of the Initial Public Capital Offering (IPO) and direct and indirect acquisition of the projects as described in Note 17 – Subsequent Events, from 13 September 2017, the Company will have certain commitments to meet minimum expenditure on the mineral assets it has an interest in or an option to earn an interest in.

	2017 \$
Annual commitments for the Crackerjack project – Western Australia(100% owned by Panex Resources WA Pty Ltd) (i)	<b>10,000</b>
Annual contractual commitments for tenements under option agreement – Mambassa Project, Democratic Republic of Congo “DRC”	<u><b>150,000</b></u>
Annual tenement and/or contractual commitments	<u><u><b>160,000</b></u></u>

- (i) On 27 September 2017, the Company announced that Panex Resources WA Pty Ltd had become a 100% subsidiary of the Company – Note 17 – Subsequent Events.
- (ii) On 27 September 2017, the Company announced that the conditions precedent under the Mambassa Joint Venture Agreement between the Company, Kalubamba SARL and Medidoc FZE had been met – Note xx – Subsequent Events.

**11. DIVIDENDS**

No dividends were paid or recommended for payment during the financial year.

**12. REMUNERATION OF AUDITORS**

	2017 \$
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:	
<b>(a) Audit services</b>	
Butler Settineri (Audit) Pty Ltd - audit and review of financial reports	
- Statutory audit – Okapi Resources Limited	7,500
- Audit review – Panex resources WA Pty Ltd for Okapi IPO	2,500
Total remuneration for audit services	10,000
<b>(b) Non-audit services</b>	
Butler Settineri – tax compliance services	-
Total remuneration for other services	-

**13. RELATED PARTY TRANSACTIONS**

**(a) Parent entity**

Okapi Resources Limited (ASX Code: OKR)

**(b) Subsidiaries**

There were no subsidiaries at reporting date, however the Company acquired 100% of the issued capital of Panex Resources WA Pty Ltd subsequent to year end – Note 17 – Subsequent Events.

**(c) Transactions with related parties**

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

As at reporting date the following amounts were payable to the directors of the Company and included to Trade and other creditors (Note 7)

Mr. Klaus Eckhof	\$2,917
Ridgeback Holdings Pty Ltd (an entity controlled by managing Director Nigel Ferguson)	\$7,666
Mr. Leonard Math	\$2,500

**14. STATEMENT OF CASH FLOWS**

	2017
	\$
<b>(a) Reconciliation of net loss after income tax to net cash outflow from operating activities</b>	
Net loss for the year	(27,462)
<b>Change in operating assets and liabilities</b>	
(Increase) in trade, other receivables and assets	(15,028)
Increase in trade and other payables	17,604
	(24,886)
	(24,886)
<b>(b) Non-cash investing and financing activities</b>	

There were no non-cash investing or financing transactions for the financial period.

**15. LOSS PER SHARE**

	2017
	\$
<b>(a) Reconciliation of earnings used in calculating loss per share</b>	
Loss attributable to the owners of the company used in calculating the loss per share	(27,462)
	<b>Number of shares</b>
<b>(b) Weighted average number of shares used as the denominator</b>	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	3,315,162

**16. SEGMENT INFORMATION**

Management has determined that for the financial period there was no operating reporting or geographical segments based on the fact that the Company had only incorporated on 29 May 2017 and having only lodged its IPO prospectus with ASIC on 28 June 2017.



**17. EVENTS SUBSEQUENT TO REPORTING DATE**

Since the end of the financial period and to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in the subsequent financial year, except for the following:

1. On 13 September 2017 and on closing of the IPO prospectus, the Company issued 25 million ordinary fully paid shares in the Company (Shares) at an issue price of \$0.20 per share, pursuant to the public offer, and raising \$5 million (before costs).
2. On 27 September 2017, the Company announced that the conditions precedent under the Share Sale Agreement between the Company and Panex Resources Inc, dated 16 June 2017, have been satisfied to acquire all of the issued shares in Panex Resources WA Pty Ltd, the holder of exploration licence E 80/4675 ("Crackerjack project"), for a consideration of \$30,000.
3. On 27 September 2017, the Company announced that the conditions precedent under the Mambassa Joint Venture Agreement between the Company, Kalubamba SARL and Medidoc FZE ( jointly referred to as the "Vendors"), dated 8 June 2017, have been satisfied. 1,000,000 ordinary fully paid shares have been issued to each of the vendors and authority given to execute a cash payment to Kalubamba SARL of USD\$50,000 on confirmation of their international bank account instruction.
4. On 28 September 2017, the Company was Officially Admitted to the ASX and commenced trading under the ASX ticker code "OKR".
5. The Company issued 1,699,999 class A performance rights, 1,699,999 class B performance rights and 1,700,002 class C performance rights, and with an effective date of the commencement of official quotation, being 28 September 2017.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 25 to 38 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2017 and of their performance for the financial year ended on that date;
- (b) the audited remuneration disclosures set out on the pages 13 to 15 of the directors' report complies with section 300A of the Corporations Act 2001: and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) a statement that the attached financial statements are in compliance with Australian Accounting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

On behalf of the Board.



**Nigel M Ferguson**  
**Director**

1 October 2017  
Perth, Western Australia

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKAPI RESOURCE LIMITED

### Report on the Financial Report

#### Opinion

We have audited the financial report of Okapi Resource Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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 Company is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the period then ended; and
- ii) comply with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Company 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 ethical requirements in accordance with the Code.

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

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

## Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Events Occurred Subsequent to the Reporting Date</b> <i>(refer note 17)</i></p> <p>The company was incorporated on 29 May 2017 and issued an Initial Prospectus Offer (IPO) on 28 June 2017 to raise capital. The company raised the funds subsequent to year end and therefore all matters relating to the IPO, material agreements that would have come into effect and share allotments would have to be accurately disclosed in the financial report.</p>	<p>We have reviewed the IPO, company resolutions and material agreements and determined that the information disclosed as events occurring after the reporting date is accurate and complete.</p>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report for the period ended 30 June 2017, but does not include the financial report and the 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 the other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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 the financial report.

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

- Identify and assess 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

## **Report on the Remuneration Report**

### ***Opinion on the Remuneration Report***

We have audited the Remuneration Report included on pages 5 to 7 of the directors' report for the period ended 30 June 2017.

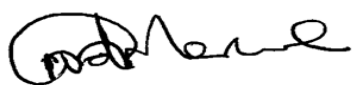
In our opinion, the Remuneration Report of Okapi Resource Limited, for the period ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

### ***Responsibilities***

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE  
Director

Perth

Date: 1 October 2017

**Okapi Resources Limited**  
**ASX Additional Information**  
**For the period ended 30 June 2017**

**(a) Shareholding**

The distribution of members and their holdings of equity securities as at 27 September 2017 is as follows:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	1	10
1,001	-	5,000	0	0
5,001	-	10,000	132	1,320,000
10,001	-	100,000	307	10,063,000
100,001		and over	43	20,817,000
			<b>483</b>	<b>32,200,010</b>
The number of shareholders holding less than a marketable parcel of shares are:			<b>1</b>	<b>10</b>

**(b) Twenty largest shareholders**

The names of the twenty largest holders of quoted ordinary shares are as follows:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Havelock Mining Investment Ltd	4,500,000	13.98
2	McNeil Nominees Pty Limited	2,750,000	8.54
3	Ridgeback Holdings Pty Limited <Ferguson Family A/C>	1,950,000	6.06
4	Kalubamba Sarl	1,000,000	3.11
5	Medidoc Fze	1,000,000	3.11
6	Mr Klaus Peter Eckhof	1,000,000	3.11
7	J P Morgan Nominees Australia Limited	870,000	2.7
8	Peak Asset Management Ltd <Peak Asset MGMNT Unit A/C>	600,000	1.86
9	Mr Michael Langford	550,000	1.71
10	Dr Hossein Sabet	536,250	1.67
11	Hongze Group Ltd	300,000	0.93
12	Maidstone Holdings Pty Ltd	255,750	0.79
13	Bellaire Capital Pty Ltd <Bellaire Capital Invest A/C>	255,000	0.79
14	Mr Richard Dikran Shemesian	250,000	0.78
15	Jep Pty Ltd <JP Pension Fund>	250,000	0.78
16	Surf Coast Capital Pty Ltd <Minnie P/F A/C>	250,000	0.78
17	Mr Mahmoud El-Rashid	250,000	0.78
18	Seventy Three Pty Ltd <King Super Fund No 3 A/C>	250,000	0.78
19	Axino Investment GMBH	250,000	0.78
20	1215 Capital Pty Ltd	250,000	0.78
		<b>17,317,000</b>	<b>53.78</b>

**(c) Substantial shareholders**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Nil.	Nil

**(d) On-Market Buy-back**

There is no current on-market buy-back.

**(e) Restricted Securities**

The following ordinary shares are currently in escrow:

Restriction	Release Date	No.
12 months from the Date of Issue	14 June 2018	500,000
12 months from the Date of Quotation	28 September 2018	2,000,000
24 months from the Date of Quotation	28 September 2019	4,200,000

**(f) Unquoted equity securities – performance rights**

Class	Performance Hurdle	Number on issue	Number of Holders
A	The Company achieving and maintaining a market capitalisation of \$12m or more for a continuous period of 30 days on or before 31 December 2021		
B	The Company achieving and maintaining a market capitalisation of \$18m or more for a continuous period of 30 days on or before 31 December 2021		
C	The Company achieving and maintaining a market capitalisation of \$24m or more for a continuous period of 30 days on or before 31 December 2021		

**(g) Voting rights**

The voting rights attaching to each class of equity securities are set out below:

*(i) Ordinary shares*

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

*(ii) Performance rights*

These securities have no voting rights.



**Okapi Resources Limited**  
**Schedule on Interest in Mining Tenements**  
**For the period ended 30 June 2017**

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<b>Project/Location</b>	<b>Country</b>	<b>Tenement(s)</b>	<b>Percentage held/earning</b>
Crackerjack	Australia	E80/4675	0% <sup>1</sup>
Mambassa Project	DRC, Africa	PE364 & PE480	0% <sup>2</sup>

<sup>1</sup> On 27 September 2017 and subsequent to year end, Okapi , acquire all of the issued shares in Panex Resources WA Pty Ltd, the holder of exploration licence E 80/4675 (Refer Note 17).

<sup>2</sup> On 27 September 2017 and subsequent to year end, Okapi , the Company announced that the conditions precedent under the Mambassa Joint Venture Agreement between the Company, Kalubamba SARL and Medidoc FZE ( jointly referred to as the “Vendors”) (Refer to Note 17).