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Form 388
Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

KALBAR RESOURCES LTD.

ACN

149 545 362

Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial year ends

Financial year end date

30-06-2018

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

Details of current auditor or auditors

Current auditor

Date of appointment **02-03-2011**

Name of auditor

BDJ PARTNERS

Address

LEVEL 13
122 ARTHUR STREET

NORTH SYDNEY NSW 2060

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name	ROBERT JOHN WARING
Date	31-10-2018

For more help or information

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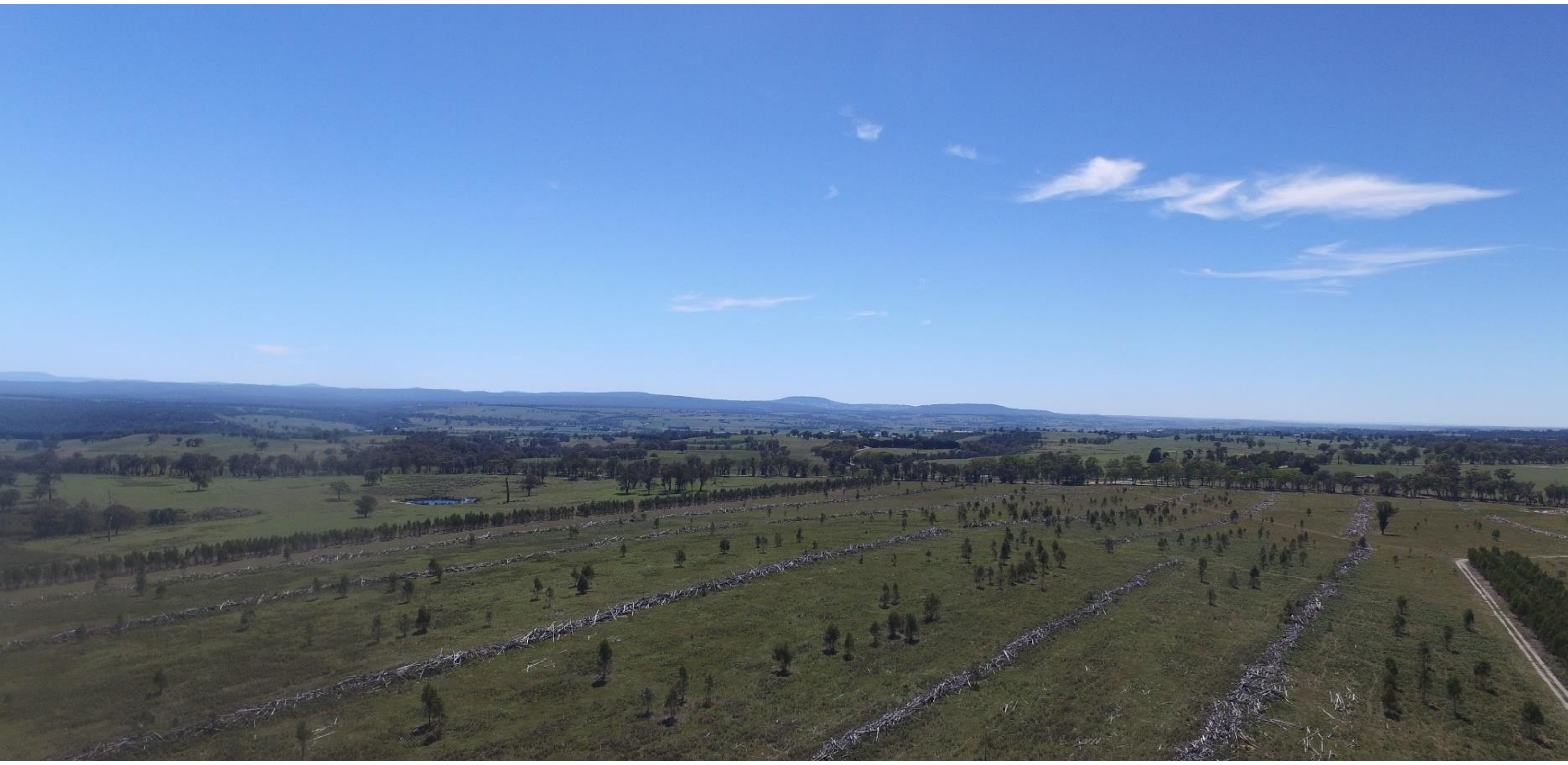
KALBAR
RESOURCES LTD

A.B.N. 30 149 545 362

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018



Liability limited by a scheme approved under
Professional Standards Legislation

KALBAR RESOURCES LIMITED
A.B.N. 30 149 545 362

CONTENTS

KALBAR RESOURCES LIMITED
A.B.N. 30 149 545 362

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2018.

Directors

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

Mr Rob Bishop
Mr Ian Warden
Mr James Kerr
Mr Neil O'Loughlin
Mr Brad Pettersson
Dr Brad Farrell

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

Review of Financial Statement

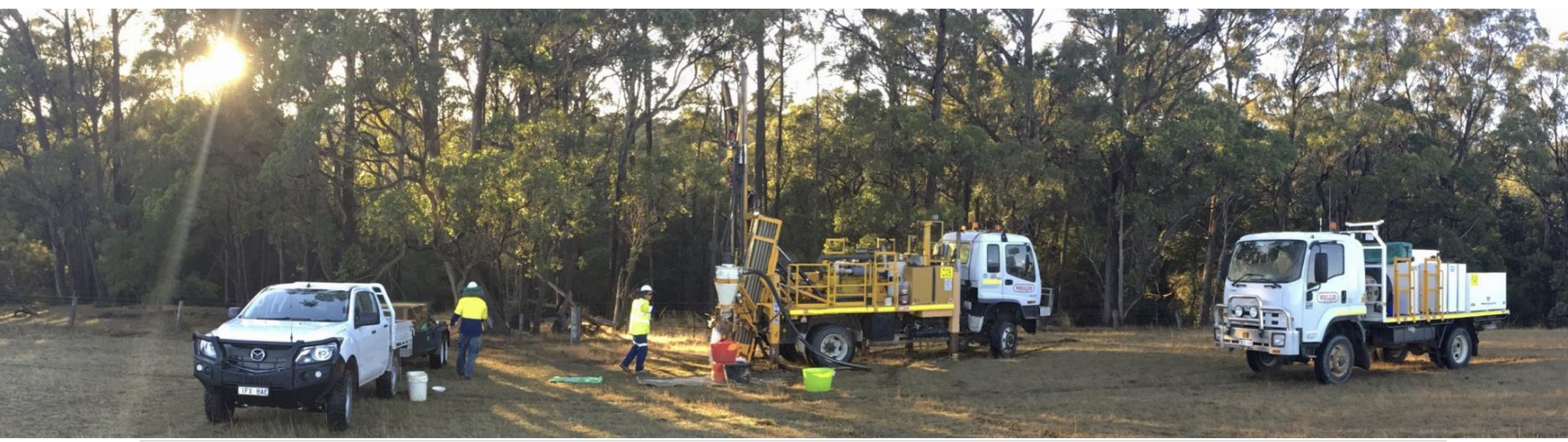
The company's core business is exploration and project development. The company's only income is derived from interest on cash holdings. The loss of the company for the financial year amounted to $3,187,626 (2017 loss $48,282).

Trade and other payables includes a $550,000 loan due to Inkjar Pty Ltd to purchase the Steenholdt Property. The loan was due for repayment on the 15th December 2017, but was extended for a further 12 months.

Review of Operations

Kalbar Resources "Kalbar" or "the company" is developing its 100% owned Fingerboards Project ("the Project") located within the Shire of East Gippsland in the State of Victoria, Australia. The Fingerboards Project represents the first phase of production (15 years) from the broader Glenaladale Resource which in turn is part of the Gippsland Mineral Sands Project which was purchased from Rio Tinto in 2013. Kalbar has carried out extensive drilling, metallurgical and development studies and has recently completed a Bankable Feasibility Study ("BFS" or "Study") on the Fingerboards Project.

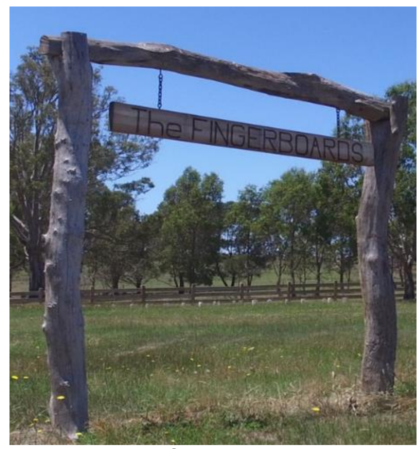
The project plans to conventionally mine the minerals zircon, rutile, ilmenite, monazite and xenotime from areas of enriched grades, occurring close to surface within the Glenaladale resource area. These will be concentrated using gravity processing to produce Heavy Mineral Concentrate ("HMC") within the Fingerboards Resource which



DIRECTORS' REPORT

is the upper part of the Glenaladale mineral sands deposit. Depending on market requirements, some or all of the concentrate will be magnetically separated to produce a Non-Magnetic ("Non-Mag'') and Magnetic Concentrate. The tailings for the mining and concentrating process will be returned to the mining void and the land rehabilitated.

Kalbar plans to produce HMC and sell two mineral concentrates – a Non-Magnetic Concentrate, which is zircon rich with minor amounts of rutile and rare-earth minerals, monazite and xenotime and a Magnetic Concentrate, which is ilmenite rich, with minor amounts of rare-earth minerals monazite and xenotime. These concentrates will be sold and shipped to mineral processors in China and South East Asia. There is also an option to sell HMC, prior to magnetic separation.



The investment premise in the Glenaladale Resource for Kalbar was the recognition that mineral processing was progressively moving from countries like Australia, where the minerals were being mined, to China, where the minerals were being consumed. The creation of significant mineral processing capacity in China meant that the development of a mineral sands mine in Australia with a sufficiently high enough assemblage value would allow for a concentrate to be exported to China. This negated the requirement to build a mineral processing plant within Australia, which is both capital intensive and time consuming and has commissioning risks. As a result, Kalbar sought to find and develop a simple mineral sands project which could produce a concentrate with a high enough value to profitably cover shipping to China (or elsewhere) for secondary processing. The Fingerboards Project provides a strong strategic fit with the original investment objectives of Kalbar.

Operations during the financial year to the date of this report are described in greater detail in the following review below include:

- Health, safety and environment.
- Exploration and resource estimation on the Fingerboards Project and the Central zone of the Glenaladale mineral sands deposit.
- and the exercise of an option to acquire tenement EL5395 which covers part of the Glenaladale mineral sands deposit.
- Ore reserve estimation as part of the Fingerboards Bankable Feasibility Study.
- Metallurgical studies as part of the Fingerboards Bankable Feasibility Study.
- Marketing studies, offtake agreements and further negotiations in relation to downstream processing of the mineral sands products (specifically Non-Magnetic Concentrates, Magnetic Concentrates and Rare Earth (monazite-xenotime) Concentrates).

- Other studies which make up the specialist studies which form part of the Fingerboards Project Environmental Effects Statement.

- Stakeholder engagement with local landholders, the broader community and government in relation to the Fingerboards Mineral Sands Project.

In addition to the above, the company has recruited several new staff, moved into new office premises in both Perth and Bairnsdale and has commenced work on establishing a Chinese subsidiary company.

The BFS was completed, post the end of the reporting period.

Exploration

No exploration drilling occurred during the reporting period, as all the drilling required for the resource estimation was completed by June 2017.

One water exploration hole was drilled in June 2018 to determine the occurrence of a deep (300m) aquifer within the LaTrobe Group of sediments. This exploration hole was subsequently developed into a production well and pump tests were carried out to determine the potential yield of the aquifer. Further water exploration holes with pump tests are planned in the next financial year.

Tenements

Tenement EL5395 was acquired through the exercise of an option with Oresome Resources in the first half of 2018. No other tenement activity took place on the Gippsland Mineral Sands Project.
Further payments were made to Rio Tinto Exploration Pty Ltd in relation to the agreement whereby Kalbar purchased the remaining royalties and payments which were outstanding in relation to the 2013 acquisition of the Gippsland Mineral Sands Project. As at the time of writing of this report, Kalbar has a single outstanding payment of $2M due in June 2019.

No tenement activity took place at Kalbar's 100% owned bauxite project in the Tiwi Islands, Northern Territory.

Resource Estimation

In October 2017, a Mineral Resource Estimate ("MRE") for the Fingerboards Project was stated by Kalbar for the Fingerboards Project. The resource was verified by CSA Mineral Industry Consultants ("CSA") who also carried out reconciliation studies and made recommendations for resource classification. CSA then carried out a fully independent resource estimate for the Fingerboards Resource which is summarised in the table below

Table 1 A Mineral Resource Estimate for Fingerboards Resource JORC 2012 classification

Class	Mass (Mt) Note 1	In Situ Grades					Contained Tonnes		
		ZrO_2+ HfO_2 (%)	TiO_2 (%)	REO+ Y_2O_3 (%)	Zircon (%) Note 2	Zircon Equiv (%) Note 3	Zircon Tonnes	Rare Earths ($REO+Y_2O_3$) Tonnes	TiO_2 Tonnes
Measured Total	88.5	0.69	1.65	0.093	1.04	1.69	924,000	82,100	1,457,000
Indicated Total	314.6	0.52	1.34	0.073	0.79	1.30	2,480,300	230,900	4,209,500
Inferred Total	510	0.3	1.0	0.05	0.5	0.8	2,601,000	241,000	4,943,000
TOTAL	910	0.4	1.2	0.06	0.7	1.1	6,006,000	554,000	10,609,000

Table 1 B Mineral Resource Estimate for Fingerboards Resource JORC 2012 classification within the Project Area

Class	Mass (Mt) Note 1	In Situ Grades					Contained Tonnes		
		ZrO_2+ HfO_2 (%)	TiO_2 (%)	REO+ Y_2O_3 (%)	Zircon (%) Note 2	Zircon Equiv (%) Note 3	Zircon Tonnes	Rare Earths ($REO+Y_2O_3$) Tonnes	TiO_2 Tonnes
Measured Total	88.0	0.69	1.64	0.092	1.04	1.68	913,800	81,100	1,444,000
Indicated Total	183.7	0.60	1.48	0.085	0.91	1.50	1,674,200	155,900	2,715,500
Inferred Total	20	0.4	1.2	0.06	0.6	1.1	137,000	13,000	245,000
TOTAL	290	0.6	1.5	0.09	0.9	1.5	2,725,000	250,000	4,404,000

Table note: This table reflects the Mineral Resource Statement and contained assemblage for Fingerboard Resource, and above a zircon equivalent cut-off grade of 0.2%

1. *Depending on zone, oversize content (>2mm) varies from 0.7%-2.0%, Fines content (-38u) varies between 17.5%-22.5%, clay content (<2um) is less than 2% in situ and is kaolinite.*
2. *In situ Zircon content is based on direct analysis by XRF and back calculation only ($ZrO_2+HfO_2/0.66$).*
   Zircon equivalent is calculated based on ZrO_2/t, TiO_2/t and REO/t pricing which is derived from the contained value of zircon (ZrO_2), ilmenite, High Titanium ("Hiti") and rutile (TiO_2) and monazite and xenotime (REO) in the Heavy Mineral Concentrate (HMC) sold to mineral processing companies in China and SE Asia. The values are calculated from final mineral product prices; and take into account mineral recoveries; product quality; and processing margins. Totals might not add up due to rounding

Ore Reserve Estimation

Ore reserve optimisation and associated studies carried out in November 2017 by Kalbar personnel in conjunction with Orelogy Consultants were reported using the operating costs and assumptions updated from the May 2017 Pre Feasibility studies. The outcome of this optimisation was reported to shareholders in November 2017.

Following on from the studies and the operating and capital cost estimates in the BFS, a revised ore reserve estimate was stated which is shown in Table 2.

DIRECTORS' REPORT

Table 2 Fingerboards Ore Reserve 2018 estimate within the Fingerboards Project area, reported in accordance with the JORC 2012 Code

			In Situ Grades					Contained Tonnes		
Year	Reserve Classification	Ore[1,2,3] (Mt)	ZrO_2 + HfO_2 %	TiO_2 (%)	TREO* (%)	Zircon (%)	Zircon Equiv[4] (%)	Zircon (kt)	TiO_2 (kt)	TREO (kt)
2018	Proved	73	0.79	1.8	0.11	1.2	2.1	870	1340	77
	Probable	100	0.82	1.9	0.11	1.2	2.2	1240	1890	114
	Total	173	0.81	1.9	0.11	1.2	2.1	2110	3230	191

** TREO means Total Rare Earth Oxides + Y_2O_3*

1. *The Mineral Resource and Ore Reserve are prepared and presented to the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (JORC Code).*
2. *Fingerboards Ore Reserve is contained within the Fingerboards Resource which forms part of the Glenaladale Mineral Sands Resource. The reserve lies entirely within the Fingerboards Project Area.*
3. *Mineral resource cells are nominated as ore if within the Fingerboards Mine Package of SM, MA, USM, or USA and carrying a recoverable revenue in excess of $2/t of ore.*
4. *Zircon Equivalent considers the recoverable revenue of the valuable minerals and presents the zircon grade that would be required to produc that recoverable value without credits of the other valuable minerals. Assumed recoveries and sales prices shown below.*

Metallurgical Test work

The process test work has been carried out by Mineral Technologies of Carrara, Queensland, specialists in the design and manufacture of spiral gravity circuits. Two stages of spiral gravity separation followed by a two stage WHIMS circuit have been shown to meet design specifications. The use of Wet High Intensity Magnetic Separation ("WHIMS") to selectively partition the concentrate into a zircon rich non-magnetic concentrate enables the production of a premium product to be offered to the market. A screening stage after the spirals has been added to remove any oversize quartz and further upgrade the HMC.

The major work conducted in the BFS phase was the spiral gravity circuit upgrade of a 10t bulk sample by Mineral Technologies. Two stages of Mineral Technologies MG12 spirals were used to generate a HMC. The HMC was passed over a 250 µm screen to remove the residual coarse quartz and generate the final HMC sample. The zircon in the final HMC was estimated to be 32% based on the ZrO_2 content with a Total Heavy Mineral ("THM") grade of 83.4%, compared to an initial classifier feed (head feed minus oversize) HM grade of 5.7%. While the use of the 250 µm screen to reduce the oversize quartz will be included in the process flow diagram, some fine tuning of the spirals and screening performance will be required during commissioning to ensure the HMC and subsequent magnetic and non-magnetic fractions achieve the required grade specifications.

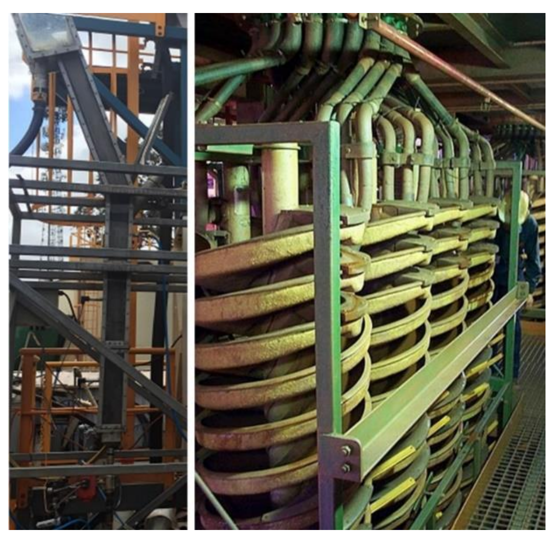


Figure 1 Separation test work has been carried out using a laboratory scale FLSmidth RC100 reflux classifier (left) and full scale ***Mineral Technologies MG12 spiral (right)***

HMC from the spiral test work was processed through two stages of a full-scale WHIMS yielding 33% to a magnetic fraction and the balance to a non-magnetic fraction, (although ultimately, test-work resulted optimised this split to a 40% magnetic concentrate / 60% non-magnetic concentrate). The WHIMS non-magnetic fraction containing 31% ZrO_2 (or 46% zircon) was then passed over a wet table for gravity upgrade to reduce the quartz content. The final tabled non-magnetic HMC contained 93% Total Heavy Mineral ("THM") compared to 74% in the feed. Wet tables were used to simulate spiral performance due to the limited mass available. Based on this work a spiral scavenger circuit is included in the Process Flow Diagram ("PFD'').

An alternative separation technology was also tested at the University of Newcastle, New South Wales using a FLSmidth Reflux Classifier ("RC") Unit. While this technology has not been applied widely in mineral sands, the tight size range of the heavy mineral and sand are highly suited to this separation technology as shown by the very high recoveries achieved in the test work. Kalbar expects that there may be opportunities for improved recoveries utilising the RC classifier but that the technology would require piloting before it would be included in the development flowsheet.

A 2t sample which had been split out of the 10t BFS process sample was processed at Mineral Technologies on a full scale MG12 spiral. Approximately 1.5t of the identical feed was processed through a laboratory scale RC test unit at the University of Newcastle, New South Wales. The test work showed that both conventional gravity separation in the form of spirals and the RC classifier can deliver a HMC of sufficient yield and quality to use in further processing with recoveries from the test work shown below.

Table 3 Summary of recoveries from gravity separation using the full scale Mineral Technologies MG12 spiral and Lab scale FLSmidth RC100

Process	Throughput	Mass Yield	TiO_2 Recovery (%)	ZrO_2 + HfO_2 Recovery (%)	CeO_2 Recovery (%)
Two stage MG12	1.5tph rougher 1.3tph cleaner	6.0%	63.9%	95.7%	94.2%
Single Stage RC Classifier (27t/m2/h)	27t per m2 per hour	8.0%	78.7%	99.2%	99.9%

In addition to the work described above, initial scoping level testwork was carried out over composite samples from the Central zone of the Glenaladale deposit. While insufficient data exists for any economic studies at this time, the results were encouraging with zircon and rare earth recoveries to concentrate comparable to those from the Fingerboards BFS.

Marketing Studies and Offtake Agreements

Three marketing off-take agreements have been signed between Kalbar and customers which account for about 70% of the planned Non-Mag Concentrate production at 1500 tph Wet Concentration Plant ("WCP'') capacity. All the off-take agreements have the following common features:

- Multiple year volume agreements, with options to extend;
- Concentrate pricing linked to mineral product prices;
- Agreed pricing mechanisms, as outlined in the section below;
- Flexible shipping arrangements with options for Kalbar to arrange bulk or container shipments;
- Agreed concentrate specifications;
- Agreed payment terms and method of payment (letter of credit or telegraphic transfer);
- Agreed governing law; and
- Other standard terms and conditions common to international off-take agreements.
- All the off-take agreements include clauses which give Kalbar to either have back-to-back agreements with third parties or toll-treatment agreements, which allow Kalbar to sell the rare earth concentrates (monazite) produced by the mineral processor. This allows Kalbar to manage the channel to market of the rare earth concentrate. It has also allowed Kalbar to enter into discussions regarding off-take and or joint-venture with a major Chinese rare earth producer, which should give Kalbar greater exposure to the rare earth value chain and provide greater value to Kalbar shareholders.

Environmental Approval

The Fingerboards Project will require approval under Victorian and Commonwealth legislation to construct and operate the Fingerboards Mineral Sands Project. The Project was referred to the Minister on 11 November 2016. On 18 December 2016, the Minister determined that the project would require the preparation of an Environmental Effects Statement (''EES'').

An Environmental Protection and Biodiversity Conservation Act 1999 ("EPBC Act") referral (EPBC 2017/7919) for the project was also submitted to the Department of the Environment and Energy in April 2017. As an EES under Victorian legislation was already being prepared, the Minister for the Environment and Energy accredited the EES process under the bilateral agreement between the Commonwealth and the State of Victoria. The EES scoping requirements incorporate the Commonwealth Government's requirements for the assessment of impacts on Environment Matters of National Environmental Significance ("MNES").

The EES process now forms the primary mechanism upon which Kalbar will obtain it's required approvals. Although the Victoria government calibrates the EES development with the mining approvals process, the assessment of the EES is not an approval itself; it informs local and state governments, government agencies and statutory authorities with regards to the issuance of permits and consents necessary to progress the project.

The EES process involves six major steps:

- scoping requirements
- technical studies
- impact assessment
- EES Report
- public review
- minister's decision.

The scoping requirements were finalised and approved by the Minister for Planning in March 2018. This allowed Kalbar to complete a number of technical studies and submit these for review to the Technical Reference Group ("TRG"), which is a committee of regulators established to review the Kalbar EES. The following studies were submitted and reviewed during the reporting period:

- soils and geology
- land-use and planning
- radiation
- traffic and transport
- noise and vibration
- visual and landscape
- cultural heritage

Stakeholder Engagement

An EES Consultation Plan has also been prepared and approved (May 2017) in accordance with guidelines prepared by the Department of Environment, Land, Water and Planning ("DELWP"). The plan was updated and revised in April 2018.

The Community Engagement Plan ("CEP") sets out Kalbar Resources' overall approach to stakeholder engagement for the Fingerboards Mineral Sands Project. It describes the strategic framework, objectives, methods and actions to meet stakeholder engagement requirements for the life of the project and gives Kalbar a clear and effective framework to achieve the best possible stakeholder engagement outcomes. The plan has been developed in accordance with the Community Engagement Guidelines for Mining and Mineral Exploration in Victoria and incorporates concepts developed by the International Association for Public Participation ("IAP2"). This plan aims to ensure Kalbar engages purposefully, honestly and effectively with all stakeholders for the life of the project.

During the reporting period, Kalbar undertook all components of the stakeholder consultation plan including:

- community meetings and drop-in sessions
- mail-outs to over 800 people on Kalbar's e-mail database
- project updates posted on the company's website
- briefings to government, regulators and community interest groups
- newspaper articles and adverts updating readers on the progress of the project and the environmental approval process.

Health, Safety and the Environment

Health, safety and the environment were managed in accordance with Kalbar's policies and procedures. No major incidents were recorded. Minor incidents were recorded via Kalbar's incident reporting system and improvements were made to processes as a result.

Dividends

No dividends were paid during the year and no recommendation is made as to the dividends.

The directors do not recommend the payment of a dividend.

Capital raising

During the year the following capital raisings were undertaken;

1.) 13.8m options exercised at 35 cents for $4.8m
2.) 5.1m million shares issued at 50 cents for $2.6m
3.) 2.5m shares issued at $1.3 for $3.3m

Indemnification of Officers

The Company indemnifies to the extent permitted by law, officers of the company when acting in their capacity in good faith in respect of liabilities to third parties and costs and expenses of successfully defending legal proceedings. The Directors named in this report have the benefit of indemnity.

The company has paid insurance premiums in respect of contracts insuring all Directors and Secretaries against liabilities incurred in their capacity as Directors and Secretaries. The contract prohibits disclosure of the nature of the liabilities and the amount of premiums paid and Corporations Act (2001) does not require disclosure under such circumstances.

Stantons International Audit and Consulting Pty Ltd
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30 October 2018

Board of Directors
Kalbar Resources Ltd
Level 1, 1002 Hay Street
PERTH WA 6000

Dear Directors

RE: KALBAR RESOURCES LTD

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Kalbar Resources Ltd.

As Audit Director for the audit of the financial statements of Kalbar Resources Ltd for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

KALBAR RESOURCES LIMITED
A.B.N. 30 149 545 362

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Income			
Revenue		26,801	636,624
Expenditure			
Accounting expenses		(99,175)	(81,422)
Interest Expense		(23,632)	(43,000)
Depreciation		(27,124)	(8,222)
Share Based Payments		(930,000)	(80,000)
Travelling expense		(226,043)	(137,665)
Wages and Salaries		(662,562)	(66,377)
Executive and Non-Executive Directors Fees		(687,356)	(60,134)
Other expenses		(558,535)	(208,086)
Loss before income tax		(3,187,626)	(48,282)
Income tax expense		-	-
Loss for the year		(3,187,626)	(48,282)
Total comprehensive income for the year		(3,187,626)	(48,282)

KALBAR RESOURCES LIMITED
A.B.N. 30 149 545 362

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	4,414,225	3,683,407
Trade and other receivables	4	358,946	132,147
Prepayments		4,637	4,000
TOTAL CURRENT ASSETS		4,777,808	3,819,554
NON-CURRENT ASSETS			
Bank guarantee	5	126,249	90,000
Property, plant and equipment	8	111,034	70,265
Other non-current assets	6	16,090,477	6,598,814
TOTAL NON-CURRENT ASSETS		16,327,760	6,759,079
TOTAL ASSETS		21,105,568	10,578,633
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	4,861,783	804,785
Payroll Liabilities including Annual Leave Provision		154,744	61,635
TOTAL CURRENT LIABILITIES		5,016,527	866,420
TOTAL LIABILITIES		5,016,527	866,420
NET ASSETS		16,089,041	9,712,213
EQUITY			
Issued capital	9	19,504,337	9,939,883
Reserves		230,374	230,374
(Accumulated losses) Retained earnings		(3,645,670)	(458,044)
TOTAL EQUITY		16,089,041	9,712,213

KALBAR RESOURCES LIMITED
A.B.N. 30 149 545 362

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	No	Issued Capital $	Retained earnings / (Accumulated losses) $	Share Redemption Reserve $	Total $
Balance at 1 July 2016		5,449,770	(409,762)	150,374	5,190,382
Issue of ordinary shares		4,490,113	-	-	4,490,113
Share based payment		-	-	80,000	80,000
Loss attributable to equity shareholders		-	(48,282)	-	(48,282)
Balance at 30 June 2017	9	9,939,883	(458,044)	230,374	9,712,213
Issue of ordinary shares		9,769,254	-	-	9,769,254
Capital Raising Costs		(204,800)	-	-	(204,800)
Loss attributable to equity shareholders		-	(3,187,626)	-	(3,187,626)
Balance at 30 June 2018	9	19,504,337	(3,645,670)	230,374	16,089,041

KALBAR RESOURCES LIMITED
A.B.N. 30 149 545 362

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from tax concessions/refunds		-	597,443
Payments to suppliers and employees		(1,329,631)	(640,122)
Interest received		26,801	39,181
Net cash used in operating activities	**11**	(1,302,830)	(3,498)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for fixed assets		(67,893)	(73,211)
Payment for Bank Guarantees		(36,249)	-
Expenditure on mining interests and land		(7,491,664)	(3,405,595)
Net cash provided by (used in) investing activities		(7,595,806)	(3,478,806)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		9,631,954	4,490,113
Cost of Issue of Shares		(2,500)	-
Net cash provided by (used in) financing activities		9,629,454	4,490,113
Net increase (decrease) in cash held		730,818	1,007,809
Cash at beginning of financial year		3,683,407	2,675,598
Cash at end of financial year	**3**	4,414,225	3,683,407

1 Summary of Significant Accounting Policies

Kalbar Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The financial statements have been prepared in accordance with recognition and measurement criteria in the Australian Accounting Standards and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless stated otherwise in the notes. The accounting policies that have been adopted in the preparation of these statements are as follows:

Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost model.

Asset are carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed Asset Class	Depreciation Rate
Plant and Equipment	20.00% Diminishing
Motor Vehicle	25.00% Diminishing

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(i) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Share based payment transactions

The Company may provide benefits to employees (including directors) in the form of share-based payments transactions, whereby employees render services in exchange for shares or rights over shares ("share based payments" or "equity settled transactions"). There is currently an Employee Share Option Plan in place which will provide these benefits to employees.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Consolidated Statement of Profit or Loss and Other Comprehensive Income charge or credit for the period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification as measured at the date of modification.

Where an equity-settled award is cancelled (other than cancellation when a vesting condition is not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of the outstanding options is reflected as additional share dilution in the computation of loss per share.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Kalbar Resources Limited designates certain derivatives as either:

Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

Hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the company's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedge assets or liabilities that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

At the end of each reporting period, property, plant and equipment, intangible assets and investments singly and in aggregate are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Significant account judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share Based Payment Transactions

The Company measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted.

Capitalisation and write-off of capitalized exploration costs

The determination of when to capitalize and write-off exploration expenditure requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions.

Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in income statement.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

Trade and Other Payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

Going Concern

The financial statements of the Company have been prepared on a going concern basis which anticipates the ability of the entity to meet its obligations in the normal course of business.

At 30 June 2018, the company had net assets of $16,089,041, cash and cash equivalents of $4,144,225 and working capital deficiency of $238,719. The company had incurred a loss for the year ended 30 June 2018 of $3,187,626.

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

The Company's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to be focused on meeting the Company's business objectives and are mindful of the funding requirements to meet these objectives.

The Directors consider the basis of going concern to be appropriate for the following reasons:

- The current cash of the Company relative to its fixed and discretionary commitments;
- The contingent nature of certain of the Company's project expenditure commitments;
- The ability of the Company to terminate certain agreements without any further on-going obligation beyond what has accrued up to the date of termination;
- The underlying prospects for the Company to raise funds from the capital markets as currently the Company is in the final stages of raising substantial share capital.
- The fact that future exploration and evaluation expenditure are generally discretionary in nature (i.e. at the discretion of the Directors having regard to an assessment of the progress of works undertaken to date and the prospects for the same). Subject to meeting certain expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Company's working capital.

The Directors are confident that the Company can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

	2018 $	2017 $

2 Loss for the year

Loss before income tax from continuing operations includes the following specific expenses:

	2018 $	2017 $
Expenses		
Depreciation of property, plant and equipment	27,124	8,222

3 Cash and Cash Equivalents

	2018 $	2017 $
ANZ Bus Classic AC	378,512	600,811
ANZ Bus Online Saver AC	4,035,713	3,082,596
ANZ Term Deposit	-	-
	4,414,225	3,683,407

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2018 $	2017 $
Cash and cash equivalents	4,414,225	3,683,407

		2018 $	2017 $

4 Trade and Other Receivables

	2018 $	2017 $
Current		
GST Receivable	356,613	132,147
Securities Deposit	2,333	-
	358,946	132,147

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

5 Financial Assets

	2018 $	2017 $
Current		
Bank Guarantees	-	-
Non-Current		
Bank Guarantees	126,249	90,000

6 Project Acquisition Costs and Capitalised Expenditures

	2018 $	2017 $
Gippsland HMS Project	335,950	335,950
Rio Tinto Encumbrance	2,750,000	650,000
Land Acquisition	1,184,992	1,089,348
Capitalised Expenditure	11,819,535	4,523,516
Total	16,090,447	6,598,814

7 Trade and Other Payables

	2018 $	2017 $
Current		
Trade Creditors/Accruals	793,952	254,785
Creditors to be paid in shares	522,831	-
Provision for Rio Tinto Payment	2,000,000	-
Accrued Share Based Payments	995,000	-
Loan – Inkjar Pty Ltd	550,000	550,000
	4,861,783	804,785

	2018 $	2017 $

8 Property, Plant and Equipment

PLANT AND EQUIPMENT

	2018 $	2017 $
Plant and Equipment:		
At cost	57,592	31,191
Accumulated depreciation	(16,008)	(5,124)
Total Plant and Equipment	41,584	26,067
MOTOR VEHICLES		
At Cost	48,984	48,984
Accumulated Depreciation	(15,098)	(4,786)
Total Motor Vehicles	33,886	44,198
Computer Equipment		
At Cost	41,493	-
Accumulated Depreciation	(5,929)	-
Total Computer Equipment	35,564	-

-

-

Movements in Carrying Amounts of Property, Plant and Equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land $	Motor Vehicles $	Plant and Equipment $	Computer Equipment $	Total $
Balance at 1 July 2016	-		5,276	-	5,276
Additions	-	48,984	24,227	-	73,211
Depreciation expense	-	(4,786)	(3,436)	-	(8,222)
Balance at 30 June 2017	-	44,198	26,067	-	70,265
Additions	-	-	26,401	41,493	67,894
Depreciation expense	-	(10,312)	(10,884)	(5,929)	(27,125)
Carrying amount at 30 June 2018	-	33,886	41,584	35,564	111,034

	2018 $	2017 $

9 Issued Capital

	2018 $	2017 $
Fully Paid Ordinary Shares	19,656,687	9,887,433
Capital Raising Costs	(204,800)	-
Escrowed Shares	52,450	52,450
Total dollar value of issued capital	19,504,337	9,939,883
Total number of shares on issue at the start of the period	67,704,860	59,074,808
Shares issued during the year	21,394,884	8,630,052
Total number of shares on issue at the end of the period	89,099,744	67,704,860

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year.

10 (Accumulated Losses) Retained Earnings

	2018 $	2017 $
Retained earnings at the beginning of the financial year	(458,044)	(409,762)
Net loss attributable to members of the company	(3,187,626)	(48,282)
Dividends provided for or paid	-	-
(Accumulated losses) Retained earnings at the end of the financial year	(3,645,670)	(458,044)

11 Cash Flow Information

	2018 $	2017 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(3,187,626)	(48,282)
Non-cash flows in loss		
Depreciation	27,124	8,222
Salaries/Directors Fees to be paid in shares	522,832	-
Share based payments	930,000	80,000
Exploration expensed in creditors balances	-	(15,695)
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase) Decrease in current receivables & prepayment	(227,436)	(87,595)
Increase (Decrease) in other creditors & provisions	632,276	59,852
	(1,302,830)	(3,498)

	2018	**2017**
	$	**$**

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12 Company Details

Kalbar Resources Limited A.B.N 30 149 545 362

The registered office and principal place of the business of the company is:

Level 1, 1002 Hay St, Peth WA 6000

13 Commitments

Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These commitments are not binding as the exploration tenements can be reduced or relinquished at any time.

	2018 $	2017 $
Payable not later than one year	1,129,000	907,750
Payable later than one year but not later than two years	1,605,000	720,000
	2,734,000	1,627,750

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time.

KALBAR RESOURCES LIMITED
A.B.N. 30 149 545 362

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 31 are in accordance with the Corporations Act 2001;

   (a) comply with Australian Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debt as and when they become due and payable.

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

Director: ______________________________

Mr Neil O'Loughlin

Dated this day of

30 October 2018

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kalbar Resources Limited ("the Company"), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the 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 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Emphasis of Matter Relating to Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As referred to in Not 1, the financial statements have been prepared on the going concern basis. At 30 June 2018, the Company had a net assets of $16,089,041, working capital deficit of $238,719, cash and cash equivalents of $4,414,225 and current liabilities of $5,016,527.

The ability of the Company to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Company raising further working capital and/or successfully exploiting its mineral assets. In the event that the Company is not successful in raising further equity or successfully exploiting its mineral assets, the Company may not be able to meet its liabilities as and when they fall due and the realisable value of the Company's current and non-current assets may be significantly less than book values.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
30 October 2018