

11 September 2018

Company Announcements Office  
ASX Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Financial Statements and Directors' Report**

Attached is a copy of the Financial Statements and Directors' Report for the Company for the year ended 30 June 2018.

Yours faithfully

P C Ruttledge  
Company Secretary

# **HAMPTON HILL MINING NL**

**ABN 60 060 628 524**

## **FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018**

# HAMPTON HILL MINING NL

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018**

Hampton Hill Mining NL (Hampton Hill or the Company) is an Australian company listed on the Australian Securities Exchange (ASX). The registered office and principal place of business of the Company is Level 2, 9 Havelock Street, West Perth, Western Australia.

The directors of the Company present their report on the Company for the year ended 30 June 2018.

### **DIRECTORS**

The names of the directors of the Company during the financial year and up to the date of this report are:

Joshua Pitt

Neil Tomkinson

Wilson Forte

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company consisted of base metal exploration. There has been no significant change in the Company's activities during the financial year.

### **DIVIDENDS**

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

### **REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS**

At the Millennium Zinc Project, early in the year Hampton Hill completed its earn-in requirement in the project earning a 25% interest in joint venture with the manager, Encounter Resources Limited.

During the year a deep diamond drill hole was completed near the northern extent of the gossanous zinc target zone and a reverse circulation hole was undertaken to test the southern structural zone. The results were disappointing with no economically significant base metal mineralization intersected. This concluded the first pass drill test over the length of the 3 kilometre long gossanous zinc target.

There remain other significant targets in the quest for a Century style zinc deposit on the project tenements and the joint venture is currently negotiating with a third party to fund the next stage of exploration following up the exploration leads.

Hampton Hill holds a 5% gross overriding royalty on all gold mined in excess of one million ounces from the Apollo Hill central leases located some 60 kilometres southeast of Leonora, Western Australia. The owner of the project, Saturn Metals Limited (Saturn), has been carrying out an aggressive diamond and RC drilling campaign at Apollo Hill since listing on the ASX in March 2018. Their aim is to upgrade the Mineral Resources to Indicated status while increasing the tonnage and hopefully enhancing the grade. The Inferred Resources were previously estimated to contain JORC 2012 compliant 17.2 million tonnes at a grade of 0.9 grams per tonne (Saturn Metals Limited Initial Public Offering Prospectus - ASX announcement 7 March 2018). Hampton Hill also holds an investment of 1.25 million fully paid shares in Saturn acquired at the time of Saturn's Initial Public Offering.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

**REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)**

The Company holds a 0.98% net smelter return gold royalty and certain claw-back rights over the Northlander group of tenements that form a minor portion of Evolution Mining Limited's Kunanalling Project and are situated some 8 kilometres west of their Mungari Processing Plant.

Hampton Hill holds 10.3 million fully paid shares in Peel Mining Limited (Peel). Peel is actively exploring a very large package of tenements within the Cobar Mineral Field of New South Wales. Peel has announced a series of exciting base metal discoveries in recent years which include the Mallee Bull, Wagga Tanks and Southern Nights prospects. Your board considers that these shares are presently undervalued by the market and that they could appreciate in value as the Peel Cobar tenement appraisal work advances.

Other exploration opportunities are being sought by the Company but as yet no additional project interests have been secured.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than the operating results and the issue of new shares, there were no significant changes in the state of affairs of the Company during the financial year.

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

Subsequent to balance date, the repayment date of the related party loans was extended from 30 April 2019 to 30 April 2020.

To the best of the directors' knowledge and belief, there has been no other matters or circumstances that have arisen after balance date that have 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 future financial periods.

**ENVIRONMENTAL REGULATIONS**

The mining leases, exploration licences and prospecting licences granted to the Company pursuant to the Mining Act (1978) (WA) are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the directors are not aware of any contraventions of these requirements. The directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the period 1 July 2017 to 30 June 2018 the directors have assessed that there are no current reporting requirements, but that the Company may be required to report in the future.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

**INFORMATION RELATING TO THE DIRECTORS**

***Executive Chairman***

**Joshua Pitt BSc, MAusIMM, MAIG**

Mr Pitt is a geologist with extensive exploration experience who has, for more than thirty five years, been a director of exploration and mining companies in Australia. Mr Pitt is involved in private mineral exploration and also in substantial resource investments. He is a non-executive director of Red Hill Iron Limited (appointed June 2005), Traka Resources Limited (appointed July 2003) and Red Metal Limited (appointed July 2003). Mr Pitt has held no other directorships of ASX listed companies during the last three years.

***Non-executive Directors***

**Neil Tomkinson LLB Hons**

Mr Tomkinson has extensive experience extending over the last thirty five years in the administration of and investment in exploration and mining companies, and is an investor in private mineral exploration and in resources in general in Australia. He is the executive chairman of Red Hill Iron Limited (appointed chairman April 2008) and non-executive chairman of Traka Resources Limited (appointed September 2003). Mr Tomkinson has held no other directorships of ASX listed companies during the last three years.

**Wilson Forte BSc Hons (UWA), MAusIMM, MAIG**

Mr Forte is a Western Australian geologist with more than thirty years' experience in mineral exploration in Australia, Southern Africa and Iran. For the past thirty years he has mainly worked on the evaluation of gold and base metal projects in Western Australia. Mr Forte has held no other directorships of ASX listed companies during the last three years.

**INFORMATION RELATING TO THE COMPANY SECRETARY**

**Peter Rutledge BSc, CA, FFin**

Mr Rutledge is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia and has over thirty years' experience as company secretary of a number of listed mining and exploration companies.

**DIRECTORS' INTERESTS IN SHARES IN THE COMPANY**

The number of shares in the Company held directly and indirectly by the directors as at the date of this report is set out below:

| <b>Director</b> | <b>Ordinary shares<br/>fully paid</b> | <b>Ordinary shares<br/>partly paid to 0.1 cents</b> |
|-----------------|---------------------------------------|---|
| J N Pitt        | 97,190,055                            | -   |
| N Tomkinson     | 14,955,942                            | -   |
| W S Forte       | 3,867,241                             | 1,900,000   |

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 112,145,997 shares.

The directors do not hold any unlisted options.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

**MEETINGS OF DIRECTORS**

The following table sets out the number of meetings of directors held during the year ended 30 June 2018 and the number of meetings attended by each director:

| <b>Director</b> | <b>Meetings of directors whilst a director</b> | <b>Number of meetings attended</b> |
|-----------------|--|------------------------------------|
| J N Pitt        | 10   | 10                                 |
| N Tomkinson     | 10   | 10                                 |
| W S Forte       | 10   | 10                                 |

The Company does not have any committees.

**AUDITED REMUNERATION REPORT**

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporation Act 2001.

**(a) Principles used to determine the nature and amount of remuneration**

The objective of the Company's remuneration policy for directors and other key management personnel is to ensure that:

- remuneration packages properly reflect the duties and responsibilities of the persons concerned, and
- remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration framework has regard to shareholders' interests by:

- focusing on sustained growth in share price, as well as focusing the executives on key non-financial drivers of value, and
- attracting and retaining high calibre executives.

The remuneration framework has regard to executives' interests by:

- rewarding capability and experience,
- providing a clear structure for earning rewards, and
- providing recognition for contribution.

The remuneration policy is not linked to the Company's performance and is linked to shareholder wealth only in so far as partly paid shares or options have been included in remuneration.

Remuneration is reviewed by the board on an annual basis having regard to performance and market competitiveness.

The remuneration of executive personnel is determined by the non-executive directors and comprises a base salary or fee and may include, by way of an incentive, the opportunity to take up partly paid shares or options in the Company and thereby participate in the future success of the Company.

All remuneration paid to key management personnel is valued at the cost to the Company and either capitalised as exploration and evaluation expenditure or expensed.

The Executives' remuneration is reviewed annually with regard to competitiveness and performance.

There are no guaranteed salary increases fixed in any senior executives' contracts.

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

### AUDITED REMUNERATION REPORT (continued)

#### *Company performance and its consequences on shareholder wealth*

It is not possible at this time to evaluate the Company's financial performance using generally accepted measures such as profitability and total shareholder return as the Company is an exploration company with no significant revenue stream. This assessment will be developed if and when the Company moves from explorer to producer.

The table below shows key company performance indicators for the last five years for the Company (2014 to 2018):

|                          |       | 2018    | 2017     | 2016      | 2015    | 2014        |
|--------------------------|-------|---------|----------|-----------|---------|-------------|
| Revenue and other income | \$    | 115,934 | 246,295  | 240,987   | 118,848 | 245,779     |
| Net profit/(loss)        | \$    | 545,516 | (90,962) | (483,489) | 284,056 | (1,019,936) |
| Profit/(Loss) per share  | cents | 0.2     | (0.04)   | (0.2)     | 0.2     | (0.7)       |
| Share price at year end  | cents | 3.1     | 1.4      | 2.5       | 5.1     | 2.3         |

No dividends have been declared during these periods.

#### (b) Details of remuneration

The key management personnel of the Company are the directors.

The remuneration of key management personnel and other specified executives for the year is summarised below:

|                                | Year | Short term<br>benefits<br>Salary & fees | Post-employment<br>benefits<br>Superannuation | Total  | Performance<br>related |
|--------------------------------|------|---|---|--------|------------------------|
|                                |      | \$                                      | \$  | \$     | %                      |
| <b>Executive Director</b>      |      |   |   |        |                        |
| J N Pitt (Chairman)            | 2018 | -                                       | -   | -      | -                      |
|                                | 2017 | -                                       | -   | -      | -                      |
| <b>Non-executive Directors</b> |      |   |   |        |                        |
| N Tomkinson                    | 2018 | -                                       | -   | -      | -                      |
|                                | 2017 | -                                       | -   | -      | -                      |
| W S Forte                      | 2018 | 20,000                                  | 1,900   | 21,900 | -                      |
|                                | 2017 | 20,000                                  | 1,900   | 21,900 | -                      |

With the exception of a non-executive director's fee paid to Mr W S Forte, no other directors' fees are paid. Non-executive directors may be paid all travelling and other expenses properly incurred by them in the business of the Company. The executive chairman has elected not to receive a remuneration package.

No part of the remuneration of directors and other specified executives is contingent upon the performance of the Company.

#### (c) Service agreements

##### **Non-executive director**

Commencing 1 May 2012, Mr Forte took on a non-executive director role in the Company. As from 1 July 2012 Mr Forte has been paid a director's fee of \$20,000 per annum plus statutory superannuation. No fixed terms or notice period applies and there is no provision for termination benefits.

No other service agreements are in place for directors.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

**AUDITED REMUNERATION REPORT (continued)**

**(d) Share-based compensation**

No options have been issued to, or exercised by, directors or any other key management personnel during the year. No options are held by key management personnel and currently the board does not anticipate that any share-based compensation will be issued to directors.

**(e) Shares held by key management personnel**

The numbers of shares held during the year by key management personnel, including those held by their personally related entities are set out below:

|                                      | <b>Balance at<br/>1 July 2017</b> | <b>Net changes</b> | <b>Balance at<br/>30 June 2018</b> |
|--------------------------------------|-----------------------------------|--------------------|------------------------------------|
| <b>Fully paid shares</b>             |                                   |                    |                                    |
| <i>Directors</i>                     |                                   |                    |                                    |
| J N Pitt                             | 77,752,045                        | 19,438,010         | 97,190,055                         |
| N Tomkinson                          | 11,982,954                        | 2,972,988          | 14,955,942                         |
| W S Forte                            | 3,406,419                         | 460,822            | 3,867,241                          |
|                                      | <hr/>                             |                    |                                    |
|                                      | 93,141,418                        | 22,871,820         | 116,013,238                        |
|                                      | <hr/>                             |                    |                                    |
| <b>Partly paid shares</b>            |                                   |                    |                                    |
| <i>Directors</i>                     |                                   |                    |                                    |
| W S Forte                            |                                   |                    |                                    |
| Issued for 10 cents paid to 0.1 cent | 200,000                           | -                  | 200,000                            |
| Issued for 20 cents paid to 0.1 cent | 1,200,000                         | -                  | 1,200,000                          |
| Issued for 25 cents paid to 0.1 cent | 500,000                           | -                  | 500,000                            |
|                                      | <hr/>                             |                    |                                    |
|                                      | 1,900,000                         | -                  | 1,900,000                          |
|                                      | <hr/>                             |                    |                                    |

Net changes relate to shares purchased or sold during the financial year.

There were no shares, either fully or partly paid, granted as compensation to key management personnel during the reporting period.

There were no shares granted on the exercise of options by key management personnel during the reporting period.

No other key management personnel hold partly paid shares. No partly paid shares were paid up or forfeited during the year.

None of the shares are held nominally.

No key management personnel hold unlisted options.

**(f) Transactions with key management personnel**

***Income from related parties***

During the financial year the Company received \$80,189 (2017: \$82,111) from Red Hill Iron Limited, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for rental of office space and provision of administration services supplied by the Company on normal commercial terms and conditions determined on an arms-length basis between the companies.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

**AUDITED REMUNERATION REPORT (continued)**

During the financial year the Company received a reimbursement of \$277 (2017: \$1,205) from Traka Resources Limited, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for expenditure incurred by the Company on Traka Resources Limited's behalf.

***Borrowings from directors***

During the financial year, the loan facility provided by companies associated with directors Mr Pitt and Mr Tomkinson was increased from \$750,000 to \$1,000,000, comprising two loans of \$500,000 each. The Company fully drew down on this facility and then repaid \$500,000 following the Company's successful capital raising leaving \$500,000 drawn down at year end - \$250,000 on each loan. The loans are unsecured and otherwise on normal commercial terms and conditions, bearing interest at a rate of 3.5% per annum, paid quarterly in arrears. The total interest paid on the loans for the financial year was \$21,638 (2017: \$21,000).

Subsequent to balance date, the repayment date of the loans was extended from 30 April 2019 to 30 April 2020.

***Loans to key management personnel***

The Company has not made any loans to key management personnel during the year.

There were no other transactions with key management personnel and other related parties during the year.

**(g) Additional information**

***Voting and comments at the Company's 2017 Annual General Meeting (AGM)***

The Company received a majority of votes in favour of its remuneration report for the 2017 financial year. The Company did not receive any specific comments on its remuneration practices at the AGM or throughout that year.

***Engagement of remuneration consultants***

The Company has not engaged remuneration consultants to make a remuneration recommendation in respect of any of the key management personnel.

The audited remuneration report ends here.

**SHARES UNDER OPTION**

The number of options on issue at the date of this report is as follows:

| <b>Grant date</b> | <b>Expiry date</b> | <b>Issue price of shares</b> | <b>Number under option</b> | <b>Percent vested</b> |
|-------------------|--------------------|------------------------------|----------------------------|-----------------------|
| 23 June 2017      | 27 Dec 2019        | 1.84 cents per share         | 350,000                    | 100%                  |

The unlisted options were issued to staff of the Company.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

**INSURANCE OF OFFICERS**

During or since the end of the financial year the Company has not given an indemnity to, nor has it entered into any agreement to indemnify, nor has it paid or agreed to pay insurance premiums to insure any director or other officer of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the court pursuant to section 237 of the Corporations Act 2001 for leave 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 party to any such proceedings during the year.

**AUDIT COMMITTEE**

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

**NON-AUDIT SERVICES**

HLB Mann Judd (WA Partnership) (HLB), the company's auditor, did not perform any non-audit services for the Company for the year ended 30 June 2018.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included in this Financial Report. HLB holds office in accordance with section 327C(2) of the Corporations Act 2001, until the Company's next annual general meeting.

Signed in Perth in accordance with a resolution of directors on 11 September 2018.



J N Pitt  
Chairman

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Hampton Hill Mining NL for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**Perth, Western Australia**  
**11 September 2018**



**B G McVeigh**  
**Partner**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

|  | Note | 2018<br>\$   | 2017<br>\$   |
|--|------|--------------|--------------|
| Revenue from continuing operations   | 2    | 6,563        | 979          |
| Other income   | 2    | 109,371      | 245,316      |
| Impairment of exploration expenditure  | 9    | (3,836)      | (4,766)      |
| Administration expenses  | 3    | (338,026)    | (344,113)    |
| <b>Loss before income tax</b>  |      | (225,928)    | (102,584)    |
| Income tax benefit   | 4    | 771,444      | 11,622       |
| <b>Profit/(loss) for the year</b>  |      | 545,516      | (90,962)     |
| <b>Other comprehensive income</b>  |      |              |              |
| <b>Items that may be realised through profit or loss</b>   |      |              |              |
| Change in the fair value of available-for-sale financial assets  | 8    | 2,805,250    | 77,600       |
| Income tax expense on other comprehensive income   | 4    | (771,444)    | (11,622)     |
| <b>Other comprehensive income for the year net of tax</b>  |      | 2,033,806    | 65,978       |
| <b>Total comprehensive profit/(loss) for the year attributable to the ordinary equity holders of the Company</b>     |      | 2,579,322    | (24,984)     |
| <b>Profit/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company</b> |      | <b>cents</b> | <b>cents</b> |
| Basic and diluted profit/(loss) per share  | 5    | 0.20         | (0.04)       |

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

HAMPTON HILL MINING NL

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

|                                     | Note | 2018                | 2017                |
|-------------------------------------|------|---------------------|---------------------|
|                                     |      | \$                  | \$                  |
| <b>Assets</b>                       |      |                     |                     |
| Current Assets                      |      |                     |                     |
| Cash and cash equivalents           | 6    | 665,629             | 75,242              |
| Trade and other receivables         | 7    | 16,292              | 24,779              |
| Financial assets available for sale | 8    | 5,116,250           | 1,881,000           |
| Total Current Assets                |      | <u>5,798,171</u>    | <u>1,981,021</u>    |
| Non-Current Assets                  |      |                     |                     |
| Exploration assets                  | 9    | 2,842,318           | 2,744,844           |
| Plant and equipment                 | 10   | 3,661               | 4,221               |
| Total Non-Current Assets            |      | <u>2,845,979</u>    | <u>2,749,065</u>    |
| Total Assets                        |      | <u>8,644,150</u>    | <u>4,730,086</u>    |
| <b>Liabilities</b>                  |      |                     |                     |
| Current Liabilities                 |      |                     |                     |
| Trade and other payables            | 11   | 32,712              | 55,911              |
| Borrowings                          | 12   | 500,000             | 600,000             |
| Total Current Liabilities           |      | <u>532,712</u>      | <u>655,911</u>      |
| Total Liabilities                   |      | <u>532,712</u>      | <u>655,911</u>      |
| <b>Net Assets</b>                   |      | <u>8,111,438</u>    | <u>4,074,175</u>    |
| <b>Equity</b>                       |      |                     |                     |
| Issued capital                      | 13   | 23,248,430          | 21,790,489          |
| Reserves                            | 14   | 3,004,114           | 970,308             |
| Accumulated losses                  |      | <u>(18,141,106)</u> | <u>(18,686,622)</u> |
| <b>Total Equity</b>                 |      | <u>8,111,438</u>    | <u>4,074,175</u>    |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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

|  | <b>Issued<br/>capital</b> | <b>Reserves</b>  | <b>Accumulated<br/>losses</b> | <b>Total<br/>equity</b> |
|--|---------------------------|------------------|-------------------------------|-------------------------|
|  | <b>\$</b>                 | <b>\$</b>        | <b>\$</b>                     | <b>\$</b>               |
| <b>2018</b>  |                           |                  |                               |                         |
| Balance at 1 July 2017   | 21,790,489                | 970,308          | (18,686,622)                  | 4,074,175               |
| Comprehensive profit   |                           |                  |                               |                         |
| Net profit for the year  | -                         | -                | 545,516                       | 545,516                 |
| Other comprehensive income net of tax                                | -                         | 2,033,806        | -                             | 2,033,806               |
| Total comprehensive income for the year                              | -                         | 2,033,806        | 545,516                       | 2,579,322               |
| Transaction with equity holders in their capacity as equity holders: |                           |                  |                               |                         |
| Issue of shares, net of transaction costs                            | 1,457,941                 | -                | -                             | 1,457,941               |
| <b>Balance at 30 June 2018</b>                                       | <b>23,248,430</b>         | <b>3,004,114</b> | <b>(18,141,106)</b>           | <b>8,111,438</b>        |
| <b>2017</b>  |                           |                  |                               |                         |
| Balance at 1 July 2016   | 21,790,489                | 901,102          | (18,595,660)                  | 4,095,931               |
| Comprehensive loss   |                           |                  |                               |                         |
| Net loss for the year  | -                         | -                | (90,962)                      | (90,962)                |
| Other comprehensive income net of tax                                | -                         | 65,978           | -                             | 65,978                  |
| Total comprehensive loss for the year                                | -                         | 65,978           | (90,962)                      | (24,984)                |
| Transaction with equity holders in their capacity as equity holders: |                           |                  |                               |                         |
| Share-based payments   | -                         | 3,228            | -                             | 3,228                   |
| <b>Balance at 30 June 2017</b>                                       | <b>21,790,489</b>         | <b>970,308</b>   | <b>(18,686,622)</b>           | <b>4,074,175</b>        |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

HAMPTON HILL MINING NL

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

|   | Note | 2018<br>\$ | 2017<br>\$ |
|---|------|------------|------------|
| <b>Cash flows from operating activities</b>                       |      |            |            |
| Payments to suppliers and employees                               |      | (316,969)  | (342,768)  |
| Interest received   |      | 4,374      | 7,476      |
| Interest paid   |      | (21,638)   | (29,372)   |
| Rent received   |      | 109,371    | 110,688    |
| Other receipts  |      | -          | 6,709      |
|   |      | <hr/>      | <hr/>      |
| Net cash outflows from operating activities                       | 15   | (224,862)  | (247,267)  |
|   |      | <hr/>      | <hr/>      |
| <b>Cash flows from investing activities</b>                       |      |            |            |
| Payments for exploration expenditure                              |      | (111,885)  | (412,713)  |
| Receipt of Research and Development incentive                     |      | -          | 368,033    |
| Payment for plant and equipment                                   |      | (807)      | (5,192)    |
| Proceeds from disposal of plant and equipment                     |      | -          | 390        |
| Payment for purchase of equity investments                        |      | (430,000)  | -          |
| Proceeds from sale of equity investments                          |      | -          | 245,520    |
|   |      | <hr/>      | <hr/>      |
| Net cash (outflows)/inflows from investing activities             |      | (542,692)  | 196,038    |
|   |      | <hr/>      | <hr/>      |
| <b>Cash flows from financing activities</b>                       |      |            |            |
| Loans received  | 12   | 400,000    | -          |
| Loans repaid  | 12   | (500,000)  | -          |
| Proceeds from shares issued                                       |      | 1,457,941  | -          |
|   |      | <hr/>      | <hr/>      |
| Net cash inflows from financing activities                        |      | 1,357,941  | -          |
|   |      | <hr/>      | <hr/>      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>       |      | 590,387    | (51,229)   |
| Cash and cash equivalents at the beginning of the financial year  |      | 75,242     | 126,471    |
|   |      | <hr/>      | <hr/>      |
| <b>Cash and cash equivalents at the end of the financial year</b> | 6    | 665,629    | 75,242     |
|   |      | <hr/>      | <hr/>      |

The above Statement of Cash Flows should be read in conjunction with accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1 SEGMENT INFORMATION**

Management has determined that the Company has one reportable segment, being mineral exploration within Australia. The board of directors monitors the Company based on actual versus budgeted exploration expenditure. This reporting framework is the most relevant to assist the board with making decisions regarding its ongoing exploration activities.

|   | <b>2018</b>      | <b>2017</b>      |
|---|------------------|------------------|
|   | <b>\$</b>        | <b>\$</b>        |
| Reportable segment assets                           | 2,842,318        | 2,744,844        |
| Reconciliation of reportable segment assets:        |                  |                  |
| Reportable segment assets                           | 2,842,318        | 2,744,844        |
| Unallocated corporate assets                        | 5,801,832        | 1,985,242        |
| <b>Total assets</b>                                 | <b>8,644,150</b> | <b>4,730,086</b> |
| <br>  |                  |                  |
| Reportable segment liabilities                      | 7,677            | 18,253           |
| Reconciliation of reportable segment liabilities:   |                  |                  |
| Reportable segment liabilities                      | 7,677            | 18,253           |
| Unallocated corporate liabilities                   | 525,035          | 637,658          |
| <b>Total liabilities</b>                            | <b>532,712</b>   | <b>655,911</b>   |
| <br>  |                  |                  |
| Reportable segment (loss)/profit                    | (3,836)          | 1,942            |
| Reconciliation of reportable segment (loss)/profit: |                  |                  |
| Reportable segment (loss)/profit                    | (3,836)          | 1,942            |
| Other profit  | 115,934          | 239,587          |
| Unallocated corporate expenses                      | (338,026)        | (344,113)        |
| <b>Loss before tax</b>                              | <b>(225,928)</b> | <b>(102,584)</b> |

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, consists of the members of the board of directors.

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

| NOTE 2 REVENUE AND OTHER INCOME                         | Note | 2018<br>\$ | 2017<br>\$ |
|---|------|------------|------------|
| <b>Revenue from continuing operations</b>               |      |            |            |
| Interest income   |      | 6,563      | 979        |
| <b>Other income</b>                                     |      |            |            |
| Rent  |      | 109,371    | 110,688    |
| Gain on disposal of available for sale financial assets |      | -          | 127,920    |
| Other   |      | -          | 6,708      |
|   |      | 109,371    | 245,316    |

Revenue is measured at the fair value of the consideration received or receivable. Interest income is brought to account as income over the term of each financial instrument using the effective interest rate basis. All other revenue is recognised as it accrues.

### NOTE 3 ADMINISTRATION EXPENSES

**Loss before income tax includes the following specific administration expenses:**

|  |    |         |         |
|--|----|---------|---------|
| Personnel expenses                           |    |         |         |
| Salaries, director fees and other employment |    | 21,204  | 21,423  |
| Superannuation                               |    | 1,900   | 1,900   |
| Equity-settled share-based payment           |    | -       | 3,228   |
|  |    | 23,104  | 26,551  |
| Depreciation                                 | 10 | 1,367   | 1,061   |
| Finance costs                                | 12 | 21,638  | 21,000  |
| Other administration expenses                |    |         |         |
| Accounting                                   |    | 63,158  | 62,850  |
| Audit  |    | 21,951  | 21,143  |
| Listing fees                                 |    | 17,017  | 18,289  |
| Office operating lease                       |    | 110,738 | 114,887 |
| Secretarial services                         |    | 37,587  | 37,148  |
| Loss on disposal of assets                   |    | -       | 511     |
| Other  |    | 41,466  | 40,673  |
|  |    | 338,026 | 344,113 |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 4 INCOME TAX**

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| <b>(a) Income tax benefit</b>   |             |             |
| The components of income tax benefit comprise:  |             |             |
| Current tax   | -           | -           |
| Deferred tax  | 771,444     | 11,622      |
|   | <hr/>       | <hr/>       |
|   | 771,444     | 11,622      |
|   | <hr/>       | <hr/>       |
| <b>(b) Reconciliation of income tax benefit to prima facie tax payable on accounting loss</b> |             |             |
| Operating loss before income tax  | (225,928)   | (102,584)   |
| Prima facie tax benefit at Australian rate of 27.5% (2017: 27.5%)                             | 62,130      | 28,211      |
| Adjusted for tax effect of the following amounts:   |             |             |
| Non-deductible items  | -           | (888)       |
| Non-taxable items   | 2,079       | (1,557)     |
| Over-provision in prior year  | -           | 401         |
| Adjustment for change in tax rate   | -           | (151,508)   |
| Distribution of carried forward tax losses  | -           | (204,217)   |
| Recognition of deferred tax assets as a result of movement in deferred tax liability          | 771,444     | 11,622      |
| Income tax (benefit)/expense not brought to account   | (64,209)    | 329,558     |
|   | <hr/>       | <hr/>       |
| Income tax benefit  | 771,444     | 11,622      |
|   | <hr/>       | <hr/>       |

The credit for current income tax expenses is based on the loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

The income tax rate for small business entities was reduced to 27.5% effective 1 July 2016.

The Company currently satisfies the conditions to be a small business entity.

**(c) Income tax expense relating to other comprehensive income**

|   |           |          |
|---|-----------|----------|
| Change in fair value of available for sale assets | (771,444) | (11,622) |
|   | <hr/>     | <hr/>    |

**(d) Deferred tax assets and liabilities brought to account**

|   | <b>Balance</b>     | <b>Charged to</b> | <b>Charged to</b> | <b>Balance</b>      |
|---|--------------------|-------------------|-------------------|---------------------|
|   | <b>1 July 2017</b> | <b>income</b>     | <b>equity</b>     | <b>30 June 2018</b> |
|   | <b>\$</b>          | <b>\$</b>         | <b>\$</b>         | <b>\$</b>           |
| Change in fair value of available-for-sale assets | -                  | -                 | (771,444)         | (771,444)           |
| Carried forward losses                            | -                  | 771,444           | -                 | 771,444             |
|   | <hr/>              | <hr/>             | <hr/>             | <hr/>               |
|   | -                  | 771,444           | (771,444)         | -                   |
|   | <hr/>              | <hr/>             | <hr/>             | <hr/>               |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**
**NOTE 4 INCOME TAX (continued)**

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| <b>(e) Deferred tax assets and liabilities not brought to account</b>   |             |             |
| The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end, at the Australian corporate tax rate of 27.5% (2017: 27.5%) are made up as follows: |             |             |
| On income tax account:  |             |             |
| Carried forward losses  | 4,568,448   | 4,454,928   |
| Deductible temporary differences  | 3,438       | 3,355       |
| Taxable temporary differences   | (519,257)   | (469,864)   |
| Deductible temporary differences (equity)   | 13,750      | -           |
| Taxable temporary difference (equity)   | (1,073,779) | (288,585)   |
|   | <hr/>       | <hr/>       |
| Unrecognised net deferred tax assets  | 2,992,600   | 3,699,834   |

During the 2017 financial year, the Company distributed carried forward tax losses of \$742,608 relating to the 2016 financial year to shareholders by issuing them with Exploration Development Incentive credits of \$211,643 using the Company's 2016 corporate tax rate.

In the 30 June 2017 year, an income tax benefit of \$11,622 was recognised from previously unrecognised carried forward tax losses and offset against the deferred tax liability relating to the Available-for-Sale Asset Reserve.

In the 30 June 2018 year, an income tax benefit of \$771,444 was recognised from previously unrecognised carried forward tax losses in respect of the net credit balance of the balance of the Available-for-Sale Asset Reserve.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity or comprehensive income, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 4 INCOME TAX (continued)**

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.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**NOTE 5 BASIC AND DILUTED PROFIT/(LOSS) PER SHARE**

|   | <b>2018</b>   | <b>2017</b>   |
|---|---------------|---------------|
|   | <b>cents</b>  | <b>cents</b>  |
| Basic and diluted profit/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company   | 0.20          | (0.04)        |
| <b>Reconciliation of profit/(loss)</b>  | <b>\$</b>     | <b>\$</b>     |
| The profit/(loss) used in calculating the basic and diluted loss is equal to the profit/(loss) attributed to ordinary equity holders of the Company in the Statement of Profit or Loss and Other Comprehensive Income | 545,516       | (90,962)      |
|   | <b>No. of</b> | <b>No. of</b> |
|   | <b>shares</b> | <b>shares</b> |
| Weighted average number of ordinary fully paid shares   | 266,978,610   | 235,741,595   |
| Weighted average number of ordinary share equivalents – partly paid shares  | 12,885        | 12,885        |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted profit/(loss) per share   | 266,991,495   | 235,754,480   |

Basic profit/(loss) per share is determined by dividing the operating profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of ordinary shares used in calculating basic and diluted profit/(loss) per share is derived from the fully paid and partly paid ordinary shares on issue.

Diluted profit/(loss) per share adjusts the figures used in the determination of basic profit/(loss) per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. The diluted profit/(loss) per share is the same as the basic profit/(loss) per share on account of the Company's potential ordinary shares (in the form of partly paid shares to the extent that they are not entitled to participate in dividends) not being dilutive because their conversion to fully paid ordinary shares would not increase the profit/(loss) per share.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 6 CASH AND CASH EQUIVALENTS**

|                          | <b>2018</b> | <b>2017</b> |
|--------------------------|-------------|-------------|
|                          | <b>\$</b>   | <b>\$</b>   |
| Cash at bank and on hand | 665,629     | 75,242      |

Cash includes deposits at call and short term deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 24.

**NOTE 7 TRADE AND OTHER RECEIVABLES**

|                     |               |               |
|---------------------|---------------|---------------|
| Interest receivable | 2,189         | -             |
| Other               | 14,103        | 24,779        |
|                     | <u>16,292</u> | <u>24,779</u> |

Other receivables are expected to be recovered within 30 days of balance date. Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 24.

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

No trade and other receivables are considered impaired, or are past due.

**NOTE 8 FINANCIAL ASSETS AVAILABLE FOR SALE**

|   |                  |                  |
|---|------------------|------------------|
| Opening balance   | 1,881,000        | 1,921,000        |
| Acquisitions during the year                            | 430,000          | -                |
| Disposals during the year                               | -                | (117,600)        |
| Change in fair value through other comprehensive income | 2,805,250        | 77,600           |
|   | <u>5,116,250</u> | <u>1,881,000</u> |
| Closing balance   | 5,116,250        | 1,881,000        |

Available-for-sale financial assets, comprising marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. They are recognised at fair value with movements in fair value recognised in other comprehensive income.

The securities are traded in an active market, being the ASX, and consequently they are measured as a Level 1 instrument on the fair value hierarchy. The quoted market price, used to determine the value of these securities is the bid price at balance date. There has been no transfer between measurement levels during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 8 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)**

If there is objective evidence of impairment of available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period. The maximum exposure to securities price risk at the end of the reporting period is the value of shares noted above. Refer to Note 24 for further details.

**NOTE 9 EXPLORATION ASSETS**

|   | <b>2018</b>      | <b>2017</b>      |
|---|------------------|------------------|
|   | <b>\$</b>        | <b>\$</b>        |
| Costs brought forward in respect of areas of interest in exploration and evaluation phase | 2,744,844        | 2,343,317        |
| Expenditure incurred during the period on exploration of tenements                        | 101,310          | 406,293          |
| Impairment of exploration expenditure   | (3,836)          | (4,766)          |
|   | <u>2,842,318</u> | <u>2,744,844</u> |

The Company has \$2,842,318 (2017: \$2,744,844) capitalised exploration and evaluation expenditure based on the directors' opinion that there are no facts or circumstances suggesting that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount.

Exploration and evaluation expenditure for each area of interest is carried forward where rights to the tenure of the area of interest are current and costs are expected to be recouped through revenue derived from the area of interest or sale of that area of interest, or exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing. Exploration and evaluation expenditure for an area of interest which does not satisfy the above policy is not carried forward as an asset and is written off in profit or loss.

Exploration and evaluation expenditure incurred is accumulated separately for each identifiable area of interest. Such expenditure comprises net direct costs, and an appropriate portion of related overhead expenditure, but does not include general overheads or administration expenditure not having a specific nexus with a particular area of interest. Accumulated costs in relation to an abandoned area are written off to profit or loss 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.

**Research and Development Incentives**

Any incentive receipts for eligible research and development (R & D) activities are offset against ongoing expenditure incurred on that area of activities. Where the activities relate to exploration expenditure that has been capitalised, the incentive receipt is offset against Exploration Assets in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 10 PLANT AND EQUIPMENT**

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Office and field equipment – at cost                  | 13,982      | 13,175      |
| Office and field equipment – Accumulated depreciation | (10,321)    | (8,954)     |
|   | <hr/>       | <hr/>       |
| Total office and field equipment                      | 3,661       | 4,221       |
|   | <hr/>       | <hr/>       |
| Total plant and equipment                             | 3,661       | 4,221       |
|   | <hr/>       | <hr/>       |
| Office and field equipment                            |             |             |
| Carrying amount at 1 July                             | 4,221       | 991         |
| Additions during the period                           | 807         | 5,192       |
| Disposals during the period                           | -           | (901)       |
| Depreciation charge                                   | (1,367)     | (1,061)     |
|   | <hr/>       | <hr/>       |
| Carrying amount at 30 June                            | 3,661       | 4,221       |
|   | <hr/>       | <hr/>       |

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

**Recognition and measurement**

Plant and equipment items are measured on the cost basis less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are included in profit or loss.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for office and field equipment is 7.5% to 25% straight line.

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

**NOTE 11 TRADE AND OTHER PAYABLES**

|                              |        |        |
|------------------------------|--------|--------|
| Trade creditors and accruals | 32,712 | 55,911 |
|                              | <hr/>  | <hr/>  |

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 11 TRADE AND OTHER PAYABLES (continued)**

Non-derivative financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debts less principal payments and amortisation. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 24.

**NOTE 12 BORROWINGS**

|  | <b>2018</b> | <b>2017</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| <b>Current and unsecured loans – related parties</b> |             |             |
| Balance as at 1 July                                 | 600,000     | 600,000     |
| Cash flows from financing activities:                |             |             |
| Loans received                                       | 400,000     | -           |
| Loans repaid   | (500,000)   | -           |
|  | <hr/>       | <hr/>       |
| Balance at 30 June                                   | 500,000     | 600,000     |

During the financial year, the loan facility provided by companies associated with directors Mr Pitt and Mr Tomkinson was increased from \$750,000 to \$1,000,000, comprising two loans of \$500,000 each. The Company fully drew down on this facility and then repaid \$500,000 following the Company's successful capital raising leaving \$500,000 drawn down at year end - \$250,000 on each loan. The loans are unsecured and otherwise on normal commercial terms and conditions, bearing interest at a rate of 3.5% per annum, paid quarterly in arrears. The total interest paid on the loans for the financial year was \$21,638 (2017: \$21,000).

Subsequent to balance date, the repayment date of the loans was extended from 30 April 2019 to 30 April 2020.

The purpose of the loans is to provide the Company with the flexibility not to have to depend solely on the sale of tranches of its significant listed investment to meet short term working capital requirements including cash calls in respect of its exploration joint venture.

Borrowings are short term and initially recognised at fair value. There are no transaction costs associated with the borrowings. Interest on borrowings is accrued daily using the effective interest rate method and recognised in profit or loss over the period of the borrowings. Due to the short term nature of these borrowings, their carrying value is assumed to approximate their fair value.

**NOTE 13 ISSUED CAPITAL**

**(a) Share capital**

|  |            |            |
|--|------------|------------|
| 294,805,379 (2017: 235,741,595) ordinary shares fully paid   | 23,245,780 | 21,787,839 |
| 2,650,000 (2017: 2,650,000) ordinary shares paid to 0.1 cent | 2,650      | 2,650      |
|  | <hr/>      | <hr/>      |
|  | 23,248,430 | 21,790,489 |

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

### NOTE 13 ISSUED CAPITAL (continued)

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributed to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration

#### (b) Rights attached to each class of shares

##### Ordinary shares

The ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and in 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. The fully paid ordinary shares are listed on the ASX and carry no trade restrictions.

##### Partly paid ordinary shares

The partly paid ordinary shares are not transferable and may participate in pro-rata entitlements only to the extent of the capital paid up. They may be converted to fully paid shares at any time on payment of the amount unpaid upon which application will be made for listing of the shares on the ASX. The resulting fully paid ordinary shares have the same rights as other ordinary shares. The shares are subject to calls on uncalled capital at the discretion of the directors. The Company's capital risk management policy is set out in Note 24.

#### (c) Movements in ordinary share capital during the past two years

| Fully paid shares<br>Details         | 2018         | 2017         | 2018         | 2017         |
|--------------------------------------|--------------|--------------|--------------|--------------|
|                                      | No of shares | No of shares | Amount<br>\$ | Amount<br>\$ |
| Balance at 1 July                    | 235,741,595  | 235,741,595  | 21,787,839   | 21,787,839   |
| Issue on exercise of options         | 100,000      | -            | 1,840        | -            |
| Issue arising from entitlement offer | 58,963,784   | -            | 1,474,095    | -            |
| Share issue costs                    | -            | -            | (17,994)     | -            |
|                                      |              |              |              |              |
| Balance at 30 June                   | 294,805,379  | 235,741,595  | 23,245,780   | 21,787,839   |

During the year the Company issued 100,000 shares as a result of the exercise of staff options, followed by a successful 1:4 non renounceable pro-rata entitlement issue at 2.5 cents per share.

| Partly paid shares<br>Details | 2018         | 2017         | 2018                        | 2017                        |
|-------------------------------|--------------|--------------|-----------------------------|-----------------------------|
|                               | No of shares | No of shares | Amount<br>outstanding<br>\$ | Amount<br>outstanding<br>\$ |
| Balance at 1 July             | 2,650,000    | 2,650,000    | 542,350                     | 542,350                     |
| No movement                   | -            | -            | -                           | -                           |
|                               |              |              |                             |                             |
| Balance at 30 June            | 2,650,000    | 2,650,000    | 542,350                     | 542,350                     |

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

### NOTE 13 ISSUED CAPITAL (continued)

The weighted average issue price of partly paid shares is 20.6 cents. Partly paid shares are paid up to 0.1 cents, to a total value of \$2,650.

#### (d) Options to acquire ordinary shares

Set out below is a summary of the movement of options on issue during the current and prior years:

|                                   | 2018<br>Number of<br>options | 2017<br>Number of<br>options | Grant date | Expiry date | Exercise<br>price per<br>share<br>cents |
|-----------------------------------|------------------------------|------------------------------|------------|-------------|---|
| At 1 July                         | 450,000                      | -                            | 23 Jun 17  | 27 Dec 19   | 1.84                                    |
| Options issued during the year    | -                            | 450,000                      | 23 Jun 17  | 27 Dec 19   | 1.84                                    |
| Options exercised during the year | (100,000)                    | -                            | 23 Jun 17  | 27 Dec 19   | 1.84                                    |
| At 30 June                        | 350,000                      | 450,000                      |            |             |   |
| Vested and exercisable at 30 June | 350,000                      | 450,000                      |            |             | 1.84                                    |

The Company's policy on share-based payments, partly paid shares and share options is set out in Note 21.

### NOTE 14 RESERVES

|   | 2018<br>\$ | 2017<br>\$ |
|---|------------|------------|
| Available for sale financial assets revaluation reserve |            |            |
| Balance at 1 July                                       | 760,815    | 694,837    |
| Other comprehensive income net of tax                   | 2,033,806  | 65,978     |
| Balance at 30 June                                      | 2,794,621  | 760,815    |
| Share based payments reserve                            |            |            |
| Balance at 1 July                                       | 209,493    | 206,265    |
| Issue of options  | -          | 3,228      |
| Exercise of options                                     | (717)      | -          |
| Balance at 30 June                                      | 208,776    | 209,493    |
| Exercised options reserve                               |            |            |
| Balance at 1 July                                       | -          | -          |
| Exercise of options                                     | 717        | -          |
| Balance at 30 June                                      | 717        | -          |
| Total Reserves  | 3,004,114  | 970,308    |

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

### NOTE 14 RESERVES (continued)

The share-based payments reserve records items recognised as expenses on valuation of partly paid shares and options issued to staff. The exercised options reserve arises on the exercise of options when the share based payments reserve, attributable to the options being exercised, is transferred to this reserve.

The available-for-sale financial asset reserve arises from changes in the fair value of equities classified as available-for-sale financial assets net of tax. The changes in value are recognised in other comprehensive income as described in Note 8 and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

### NOTE 15 CASH FLOW INFORMATION

|  | Note | 2018<br>\$ | 2017<br>\$ |
|--|------|------------|------------|
| <b>Reconciliation of profit/(loss) after income tax to net cash flow from operating activities</b> |      |            |            |
| Profit/(loss) after income tax   |      | 545,516    | (90,962)   |
| Depreciation   | 10   | 1,367      | 1,061      |
| Exploration expenditure written off  | 9    | 3,836      | 4,766      |
| Tax on fair value gain on available-for-sale asset   | 4(b) | (771,444)  | (11,622)   |
| Net gain on disposal of available-for-sale asset   |      | -          | (127,920)  |
| Net loss on disposal of assets   |      | -          | 511        |
| Non-cash employee benefit expense  |      | -          | 3,228      |
| Change in operating assets and liabilities:  |      |            |            |
| (Increase)/decrease in debtors   |      | (3,010)    | 11,089     |
| Decrease in creditors  |      | (12,623)   | (47,431)   |
| Decrease in GST receivable   |      | 11,496     | 10,013     |
|  |      | <hr/>      | <hr/>      |
| Net cash outflows from operating activities  |      | (224,862)  | (247,267)  |

There were no non-cash flows from financing and investing activities.

### NOTE 16 CONTINGENCIES

#### Contingent liabilities

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2018.

The directors are not aware of any other contingent liabilities at 30 June 2018.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 17 COMMITMENTS**

**(a) Mineral tenements**

In order to maintain the mineral tenements in which the Company and other parties are involved, the minimum annual expenditure conditions under which the tenements are granted, need to be fulfilled. This represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

The current year minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year is nil (2017: nil).

**(b) Exploration**

The Company has expended \$910,203 of the \$1 million required to increase its interest in the Millennium Project from 10% to 25%.

As at year end, expenditure committed, but not yet expended, amounted to nil (2017: \$89,797).

**(c) Operating Leases**

Commitments for minimum lease payments in relation to a non-cancellable operating lease of the Company's premises are payable as follows:

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Within one year                                     | 95,825      | 109,548     |
| Later than one year, but not longer than five years | 96,283      | -           |
|   | <hr/>       | <hr/>       |
|   | 192,108     | 109,548     |
|   | <hr/>       | <hr/>       |

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**NOTE 18 RELATED PARTY TRANSACTIONS**

**(a) Key management personnel**

The key management personnel of the Company are the directors:

J N Pitt

N Tomkinson

W S Forte

The compensation paid to key management personnel is set out below:

|                              |        |        |
|------------------------------|--------|--------|
| Short-term employee benefits | 20,000 | 20,000 |
| Post-employment benefits     | 1,900  | 1,900  |
|                              | <hr/>  | <hr/>  |
|                              | 21,900 | 21,900 |
|                              | <hr/>  | <hr/>  |

Further details regarding the directors' remuneration are provided in the Audited Remuneration Report contained in the Directors' Report accompanying these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 18 RELATED PARTY TRANSACTIONS (continued)**

**(b) Transaction with director-related entities**

***Loans from director-related entities***

Refer to Note 12 for details of borrowings from related parties.

***Other transactions***

During the financial year the Company received \$80,189 (2017: \$82,111) from Red Hill Iron Limited, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for rental of office space and provision of administration services supplied by the Company on normal commercial terms and conditions determined on an arms-length basis between the companies.

During the financial year the Company received a reimbursement of \$277 (2017: \$1,205) from Traka Resources Limited, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for expenditure incurred by the Company on Traka Resources Limited's behalf.

**NOTE 19 INTERESTS IN JOINT ARRANGEMENTS**

The Company had interests in the following mineral exploration joint arrangements as at 30 June 2018:

| <b>Name of project</b>   | <b>Interest</b> | <b>Exploration activity</b> | <b>Other parties</b>              |
|--------------------------|-----------------|-----------------------------|-----------------------------------|
| Weld Range - Non Ferrous | 0% <sup>1</sup> | Gold and base metals        | Sinosteel Midwest Corporation Ltd |
| Millennium               | 25%             | Zinc                        | Encounter Resources Limited       |

<sup>1</sup> Hampton Hill has the right to explore for these metals subject to royalty

The Company's joint arrangements with third parties do not constitute separate legal entities. They are contractual agreements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit. The joint arrangements are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs in proportion to their ownership of joint venture assets. The parties to the agreement do not hold any assets other than their title to the mineral tenements and accordingly the Company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 9.

**NOTE 20 EVENTS OCCURRING AFTER BALANCE DATE**

Subsequent to balance date, the repayment date of the related party loans was extended from 30 April 2019 to 30 April 2020.

To the best of the directors' knowledge and belief, there has been no other matters or circumstances that have arisen after balance date that have 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 future financial periods.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 21 SHARE-BASED PAYMENTS**

The Company from time to time issues partly-paid ordinary shares and options to acquire fully paid shares in the Company to key management personnel and other staff as part of their remuneration. The granting of options and partly paid shares to members of staff other than the directors is at the directors' discretion and is designed to provide an incentive component in the remuneration package of personnel. The granting of share-based payments to directors is subject to the prior approval of shareholders.

The fair value of partly paid shares and options granted to directors and other personnel is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the directors and/or other personnel become unconditionally entitled to the partly paid shares or options.

**Partly paid ordinary shares**

To date 2,650,000 partly-paid shares have been issued in terms of this remuneration practice. Details of these partly paid shares, including movements over the past two years, are set out in Note 13.

**Options to acquire ordinary shares**

Options granted carry no dividend or voting rights. Each option is exercisable to acquire a fully paid ordinary share of the Company. The exercise price of the options is set at the time of grant with reference to the weighted average price at which the Company's shares have been trading on the ASX prior to the decision to grant. The fair value at grant date is determined using a call option pricing model that takes into account the price, term, vesting and performance criteria, impact of dilution, non-tradeable nature of the unlisted options, share price at grant date, expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term.

No options have been issued to or are held by directors. The weighted average remaining contractual life of options outstanding at the end of the year was 1.49 years (2017: 2.49 years). Details of these options, including movements over the past two years, are set out in Note 13.

The assessed fair value of the options issued during the prior year was calculated at the date of grant using the Black-Scholes model for the valuation of call options. In the prior year, an expense of \$3,228 was recognised in the statement of comprehensive income and disclosed in Note 3.

The model inputs for the options granted during 2017 included:

|  | <b>2018</b> | <b>2017</b>      |
|--|-------------|------------------|
| Grant date:                                  | -           | 23 June 2017     |
| Exercise by:                                 | -           | 27 December 2019 |
| Exercise price per share:                    | -           | 1.84 cents       |
| Share price at grant date:                   | -           | 1.50 cents       |
| Expected volatility of the Company's shares: | -           | 99%              |
| Risk-free interest rate:                     | -           | 1.85%            |
| Weighted average fair value                  | -           | \$3,228          |

No options were granted during the current year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 21 SHARE-BASED PAYMENTS (continued)**

Historical volatility has been the basis for estimating likely future share price volatility. Actual future volatility may differ from the estimate used. The expected average life of the options has been estimated as 3 years. The actual life could differ from this estimate if the holder of the options chooses to exercise his options prior to their expiry date.

**NOTE 22 REMUNERATION OF AUDITORS**

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Amounts received, or due and receivable, by HLB Mann Judd (WA Partnership) for: |             |             |
| Audit and review of the financial statements of the Company                     | 21,951      | 21,143      |

**NOTE 23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

**Key estimates - impairment**

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of exploration and evaluation assets, and plant and equipment. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**Capitalisation of exploration and evaluation expenditure**

The Company has \$2,842,318 (2017: \$2,744,844) capitalised exploration and evaluation expenditure on the basis that the directors consider there to be no facts or circumstances suggesting that the carrying amount of the exploration and evaluation assets may exceed their recoverable amount.

**NOTE 24 FINANCIAL RISK MANAGEMENT**

The Company, in its normal course of business, is exposed to financial risks comprising market risk (essentially interest rate risk), credit risk and liquidity risk.

The directors have overall responsibility for the Company's management of these risks and seek to minimise these risks through ongoing monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 24 FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market risk**

***Interest rate risk***

The Company is exposed to Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return. The weighted average rate of interest to which the Company was exposed on its cash assets as at the year end was 1.87% (2017: 0.52%).

The table below summarises the sensitivity of the Company's cash assets to interest rate risk. The Company has no interest rate risk associated with any of its other financial assets or liabilities. This analysis reflects the effect of a 0.5% decline and 0.5% increase in interest rates as recent Australian Treasury announcements and press reports would indicate that movements in interest rates of this magnitude are possible over the next 12 months.

|                           | Carrying amount of |        | Effect of decrease or increase of interest rate on |       |                            |      |
|---------------------------|--------------------|--------|--|-------|----------------------------|------|
|                           | cash assets        |        | Post tax profit                                    |       | Other components of equity |      |
|                           | 2018               | 2017   | 2018   | 2017  | 2018                       | 2017 |
|                           | \$                 | \$     | \$   | \$    | \$                         | \$   |
| Cash and cash equivalents | 665,629            | 75,242 |  |       |                            |      |
| Change in interest rate:  |                    |        |  |       |                            |      |
| - 0.5%                    |                    |        | (3,328)  | (376) | -                          | -    |
| + 0.5%                    |                    |        | 3,329  | 376   | -                          | -    |

***Securities price risk***

The Company is exposed to equity securities price risk. This arises from two investments held and classified in the statement of financial position as available for sale.

The investments are in ordinary shares in ASX listed exploration companies. The shares are typically subject to relatively high price volatility, and, based on the recent historic share prices, the table below summarises the sensitivity of the value of the investments to an increase or decrease in the share price of the investment:

|                        | Overall impact of |           | Impact on post-tax |           | Impact on other      |           |
|------------------------|-------------------|-----------|--------------------|-----------|----------------------|-----------|
|                        | change in price   |           | profit             |           | components of equity |           |
|                        | 2018              | 2017      | 2018               | 2017      | 2018                 | 2017      |
|                        | \$                | \$        | \$                 | \$        | \$                   | \$        |
| Change in share price: |                   |           |                    |           |                      |           |
| - 50%                  | (2,558,125)       | (940,500) | (703,484)          | (258,638) | (1,854,641)          | (681,863) |
| - 25%                  | (1,279,063)       | (470,250) | (351,742)          | (129,319) | (927,320)            | (340,931) |
| - 10%                  | (511,625)         | (188,100) | (140,697)          | (51,728)  | (370,928)            | (136,373) |
| + 10%                  | 511,625           | 188,100   | 140,697            | 51,728    | 370,928              | 136,373   |
| + 25%                  | 1,279,063         | 470,250   | 351,742            | 129,319   | 927,320              | 340,931   |
| + 50%                  | 2,558,125         | 940,500   | 703,484            | 258,638   | 1,854,641            | 681,863   |

The impact of a downward change in price below cost on other components of equity is based on the assumption that the change in price is not both significant and sustained.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 24 FINANCIAL RISK MANAGEMENT (continued)**

**(b) Liquidity risk**

The Company has no significant exposure to liquidity risk as the Company's only debt, other than related party loans (Note 12), is that associated with trade creditors in respect of which the Company's policy is to ensure payment within 30 days. The related party loans are not considered to be a significant liquidity risk as the magnitude and term of the loans are such that the Company has adequate time to manage their repayment funded by raising additional capital or realising financial assets available for sale. The Company manages its liquidity by monitoring forecast cash flows.

**(c) Credit risk**

The Company does not have any significant exposure to credit risk. The minimal exposure to credit risk that could arise is from having its cash assets all deposited at one bank. Whilst the risk of the bank failing is considered minimal, the Company manages this exposure by ensuring its funds are deposited only with a major bank with high security ratings.

**(d) Capital risk management**

The Company's objective in managing capital which consists primarily of equity capital is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, or joint venture its projects. The Company considers working capital to consist of cash, receivables, and available-for-sale financial assets less trade creditors and current borrowings.

**(e) Fair value of financial instruments**

AASB 7 (Financial Instruments: Disclosures) requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table accordingly presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017:

|                                     | <b>Year</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|-------------------------------------|-------------|----------------|----------------|----------------|--------------|
| <b>Assets</b>                       |             |                |                |                |              |
| Financial assets available for sale | 2018        | 5,116,250      | -              | -              | 5,116,250    |
|                                     | 2017        | 1,881,000      | -              | -              | 1,881,000    |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 25 SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES**

Hampton Hill Mining NL is a public company, incorporated and domiciled in Australia and listed on the ASX.

The accounting policies adopted in the preparation of the financial report that relate specifically to matters dealt with in the preceding notes, are set out in the relevant notes. The more general accounting policies not already set out above, are listed below.

The accounting policies have been consistently applied to all the years presented unless otherwise stated.

**(a) Statement of compliance and basis of preparation**

The financial report has been authorised for issue by the board of directors.

The financial report complies with the Corporations Act 2001 and Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The Company is a for-profit entity for the purpose of applying these standards.

The financial statements have been prepared on an accruals basis and are based on historical costs.

**(b) Impairment of assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any objective evidence that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to 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.

**(c) Financial assets and liabilities**

Financial instruments are initially recognised and measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out in the relevant notes.

**(d) Employee benefits**

***Wages and salaries, annual leave and sick leave***

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

***Retirement benefits obligations***

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

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

### NOTE 25 SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payable in the Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (f) Accounting standards and interpretation

##### *New accounting standards and interpretations adopted*

There were no new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

##### *New accounting standards and interpretations in issue, not yet adopted*

The following Standards and Interpretations have been issued and/or amended by the AASB and are applicable to the Company but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date.

The application date of the standard is for the annual reporting periods beginning on or after the date shown in the table below.

| Reference and title                 | Nature of change to accounting policy and impact on initial application  | Application date |
|-------------------------------------|--|------------------|
| AASB 9<br><br>Financial Instruments | Amends the requirement for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated.<br><br>Upon adoption, the Company's financial assets classified as available-for-sale will be reclassified into the fair value through profit or loss category and the cumulative fair value changes in the available-for-sale reserve will be reclassified into retained earnings with subsequent fair value changes recognised in profit or loss. Had the Company early adopted this standard at the start of the current financial year, the cumulative fair value changes in the available-for-sale reserve at the commencement of the financial year (amounting to \$760,815 - see note 14) would have been classified into retained earnings and the fair value change of \$2,033,806 (currently recognised in the available-for-sale reserve) would have been recognised through profit or loss. The Company does not have any financial liabilities measured at fair value through profit or loss. | 1 Jan 2018       |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 25 SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)**

|  |  |            |
|--|--|------------|
| AASB 15  | Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.   | 1 Jan 2018 |
| Revenue from contracts with customers                              | The adoption of this standard will have no impact on the financial statement as the Company's only revenue is interest and rental income. Had the Company early adopted this standard, there would have been no material impact on the current year profit or loss.  |            |
| AASB 16  | Removes the classification of leases as either operating or finance leases for the lessee. Leases which are less than 12 months and leases on low-value assets are exempt.   | 1 Jan 2019 |
| Leases   | This standard will primarily affect the accounting for the Company's operating lease. Upon adoption of this standard, the Company will recognise a lease liability and a "right of use" asset in the Statement of Financial Position relating to the non-cancellable operating lease commitments referred to in Note 17. The Company also expects a change in the expense recognition, with interest and depreciation replacing operating lease expense. The Company has commenced the process of evaluating the impact of the new lease standard. |            |
| AASB 2016-5  | Clarifies the accounting for various aspects of share-based payment transactions under AASB 2, being:  | 1 Jan 2018 |
| Classification and measurement of share-based payment transactions | <ul style="list-style-type: none"> <li>- Impact of vesting and non-vesting conditions when measuring cash-settled share-based payment transactions;</li> <li>- Net settlement feature for withholding tax obligations; and</li> <li>- Changing classification from cash-settled to equity-settled.</li> </ul>  |            |
|  | The Company has elected not to early adopt this standard and is in the process of quantifying the effect of application on future periods.   |            |

**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2018**

1. In the opinion of the Directors of the Company
  - a. the accompanying financial statements are in accordance with the Corporations Act 2001 and
    - (i) give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year then ended; and
    - (ii) comply with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 2018.

This declaration is signed in accordance with a resolution of the Board of Directors on 11 September 2018 and is signed for and on behalf of the directors by:



J N Pitt  
Chairman

## **Independent Auditor's Report**

To the Members of Hampton Hill Mining NL

### **REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

#### *Opinion*

We have audited the financial report of Hampton Hill Mining NL ("the Company") which comprises the statement of financial position as at 30 June 2018, the statement of 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:

- a) 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
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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 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 time 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 the key audit matters to be communicated in our report.

#### **HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hbw.com.au](mailto:mailbox@hbw.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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**Key Audit Matter****How our audit addressed the key audit matter**

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**Exploration assets**

Refer to note 9 in the financial statements

In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Company capitalises all exploration and evaluation expenditure.

Our audit focussed on the Company's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Company. We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Our procedures included but were not limited to the following:

- We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;
- We considered the Directors' assessment of potential indicators of impairment;
- We obtained evidence that the Company has current rights to tenure of its areas of interest;
- We examined the exploration budget for the year ending 30 June 2019 and discussed with management the nature of planned ongoing activities;
- We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Company had not resolved to discontinue exploration and evaluation at any of its areas of interest; and
- We examined the disclosures made in the financial report.

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

The directors are responsible for the other information. The other information comprises the information included in the 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 have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

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

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

**REPORT ON THE REMUNERATION REPORT**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Hampton Hill Mining NL for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
**Chartered Accountants**



**B G McVeigh**  
**Partner**

**Perth, Western Australia**  
**11 September 2018**