



CHASE MINING CORPORATION LIMITED

(FORMERLY TOPTUNG LIMITED)

ANNUAL REPORT 2019

ABN 12 118 788 846

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Annual Report – 30 June 2019

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Corporate directory

Directors	Leon Pretorius Martin Kavanagh Charles Thomas	Executive Chairman and CEO Non-Executive Director Non-Executive Director
Company Secretary	Suzanne Yeates	
Principal registered office in Australia	Level 8, 46 Edward Street, Brisbane QLD 4000	
Share register	Link Market Services Limited 324 Queen Street, Brisbane, QLD, 4000, Australia www.linkmarketservices.com.au	
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 www.bdo.com.au	
Bankers	National Australia Bank	
Stock exchange listing	Chase Mining Corporation Limited shares are listed on the Australian Securities Exchange (ASX) under the code CML.	
Website address	https://www.chasemining.com.au	

Competent Person's Statement

The data in this report that relates to Exploration Activities is based on information evaluated by Dr Leon Pretorius who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM) and who has sufficient experience relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Dr Pretorius is the Executive Chairman and CEO of Chase Mining Corporation Limited and he consents to the inclusion in the report of the information in the form and context in which it appears. Dr Pretorius holds shares in Chase Mining Corporation Limited.

The data in this report that relates to Exploration Activities is based on information compiled by Mr Martin Kavanagh. Mr Kavanagh is a Non-Executive Director of Chase Mining Corporation Limited and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), a Member of the Australian Institute of Geoscientists (MAIG) and a Member of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM). Mr Kavanagh has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activities, which he is undertaking. This qualifies Mr Kavanagh as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Mr Kavanagh consents to the inclusion of information in this announcement in the form and context in which it appears. Mr Kavanagh holds shares in Chase Mining Corporation Limited.

Chairman's letter

Dear Fellow Shareholders,

It is my pleasure to present to you the Chase Mining Corporation Limited 2019 Annual Report and I set out below a brief summary of the Company's activities and achievements over the past year, with more details and reference to the individual ASX releases given in the Review of Operations.

Corporate

At a shareholder's meeting on 9 January approval was given for the Company's name to be changed from TopTung Limited to Chase Mining Corporation Limited to better reflect its expanded exploration efforts for massive sulphide nickel-copper-PGE-cobalt (and gold) mineralisation in Canada.

As at 30 June 2019, the Company had 206,961,921 ordinary shares on issue; 13,500,000 Performance Rights (unlisted); nil options and \$2.75 million cash at bank. The Company remains well placed to progress its Canadian and NSW Projects for the foreseeable future, while also assessing other opportunities.

The coming year will see further advances of the Company's maturing research and exploration efforts, both of which have potential to compensate both the patience of its faithful shareholders and those who joined the register during the past year.

Canadian Activities

When the Company acquired the Canadian exploration assets of Zeus Olympus Sub Corp (Zeus) in Southwestern Quebec the vendors had already arranged for diamond drilling to occur at the high-grade Alotta Ni-Cu-PGE-Co Prospect, which allowed the Company to commence a 9-hole diamond drilling programme a couple of days later on the 4th October 2018. The drill programme totalling 801m, successfully intersected mineralisation in all nine holes drilled, including some wide zones of high-grade massive sulphide mineralisation.

During February/March 2019 a VTEM (versatile time-domain electromagnetic) survey totalling 732-line kilometres was completed over the entire Zeus tenement holdings. Processing of the data identified six Priority 1 conductors worthy of drill testing and a provisional diamond drill programme of up to 2,500m was budgeted to test these targets. This commenced in August 2019 subsequent to entering into an Access Agreement in the form of an Endorsement Certificate with the Anishinabeg of Kakinawigak (The Long Point First Nation) under their Indigenous Title and Rights for drilling.

The Company believes that there is potential to discover further Ni-Cu-PGE-Co mineralisation within the district, so accordingly have been assessing acquisition opportunities and applying for adjoining prospective areas based on geological data and interpretation. Collectively this added 48 granted claims to the project area.

Australian Activities

The Company through its wholly owned subsidiary TopFibre Pty Limited continues its commitment to the 3-year co-funded Federal Government ARC Linkage research into mullite fibre production from its Torrington topaz tungsten project in collaboration with the University of New South Wales (UNSW). Steady progress has continued with further proof of concept achievements and improvements.

Major quantifiable processing breakthroughs in the production of mullite fibre from Torrington-sourced topaz concentrate during the past year are summarised below:

- Separable mullite fibre is being produced (Ultimate aim of the research programme);
- Topaz being fed into the furnace no longer requires grinding or pelletising (Cost saving);
- Lower furnace operating temperatures are now possible (Cost saving);
- The maximal fibre length of $\leq 35 \mu\text{m}$ (micron) is now readily achieved;
- Proof-of-concept that parallel, separable, and sufficiently thick ($>3 \mu\text{m}$) fibres can be fabricated by growth on templates; and,
- High-purity stepped templates of high surface areas have been fabricated.

These continuing results constitute significant advances in attaining the goals of the research programme however, they are for the most part discounted by investors and the market but may yet prove to be an important factor in the future fortunes of the Company.

In closing I wish to thank the following people: my co-Directors Martin Kavanagh and Charles Thomas for their valuable corporate and technical support, assistance and inputs; Suzanne Yeates as Company Secretary and CFO; Prof. Chris Sorrell and the UNSW team members involved in the topaz research; Orix Geoscience who conduct the Company's Canadian exploration efforts; and all other contract and consulting staff involved with the Company's activities during the year.

Finally, a special word of thanks to all the loyal shareholders for their continuing support.



Leon Pretorius

Directors' report

Chase Mining Corporation Limited ("the Company" or "Chase") is an Australian Company listed on the Australian Securities Exchange Limited (ASX) with code CML. The Company and its wholly owned subsidiaries collectively form a consolidated group ("Group").

The Directors present their report together with the financial statements of the Company and Group for the year ended 30 June 2019 and the auditor's report thereon.

Directors and Company Secretary

The following persons were Directors of Chase Mining Corporation Limited during the whole of the financial year and up to the date of this report:

Leon Pretorius (appointed 11 November 2014)

Martin Kavanagh (appointed 27 April 2016)

Charles Thomas (appointed 23 April 2018)

Marnus Bothma was appointed a director on 3 October 2018 and continued until his resignation on 20 March 2019.

Suzanne Yeates was appointed to the position of Company Secretary on 1 December 2016. She is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

Principal Activities

The principal activities of the Group during the financial year were:

- (a) the carrying out of exploration activities on its mineral exploration tenements; and
- (b) assessing other business development and research opportunities associated with the minerals industry.

There were no significant changes in the principal activities during the year.

Dividends

No dividends have been paid or declared by the Company since the end of the previous financial period, and no dividend will be paid for the current financial year.

Review of Operations

Chase Mining Corporation Limited (the Company), through its wholly owned subsidiary Torrington Minerals Pty Ltd holds the Torrington Topaz and Tungsten Project. This Project was the sole focus of the Company until its 100% acquisition of Zeus Minerals Ltd and its wholly owned Canadian subsidiary Zeus Olympus Sub Corp (Zeus), an advanced nickel-copper sulphide focused explorer with two principal project areas located in Quebec, Canada. This was approved by shareholders at a meeting on 3 October 2018 and heralded a new chapter in the Company's history and a name change that better reflects the Company's expanded interests and exploration activities.

Canada

Zeus holds 148 Claims in Southwestern Quebec which cover an area of approximately 78 square kilometre comprising the Alotta-Delphi-Zullo (ADZ) and the Lorraine Projects (**Figures 1 and 2**)

When the Company (then named TopTung Limited) acquired Zeus, the Zeus vendors had already arranged for diamond drilling to occur at its Alotta Prospect which meant that it was possible for the Company to commence a drilling programme on the 4 October 2018 (ASX 3 October 2018).



Figure 1: Quebec Project Locality Map

The drill programme comprising nine holes for 801m successfully intersected Ni-Cu-PGE-Co mineralisation in all nine holes including some wide zones of high-grade massive sulphide mineralisation as reported to the ASX 13 November 2018, 8 January 2019, December 2018 Quarterly Report and in the Half Yearly Report December 2018.

In January 2019 the Board approved the decision to fly a versatile time-domain electromagnetic (VTEM) survey over its tenement holdings. The survey totalling 732-line kilometres was flown in February – March

by Toronto based Geotech Limited. The Company received final reports and digital data in early May 2019. Preliminary results and final interpretations were announced to the ASX on 28 March 2019, March 2019 Quarterly Report, 16 May 2019 and 21 May 2019.

In February 2019, Directors Dr Leon Pretorius and Martin Kavanagh met with the Company's Toronto based consultants Orix Geoscience (Orix) with a view to establishing an ongoing professional relationship and structuring financial and operational procedures for the 2019 exploration and drilling programmes. The directors also took the opportunity to inspect the Alotta drill core stored at Larder Lake. In March, they attended the International PDAC conference which had positive outcomes for the Company in terms of assessing additional acquisition opportunities and sourcing historical data.

A site visit was made to the Laverlochere project area west of the ADZ Project (which was part of the original Zeus acquisition). The overall prospectivity of the Cu-Mo prospect was downgraded geologically and geophysically based on historic work. In addition, approximately 75% of the claim area was subject to intensive farming in the valley floor. The Company accordingly decided to allow the 17 Laverlochere claims to lapse. The claims are omitted from the location maps below.

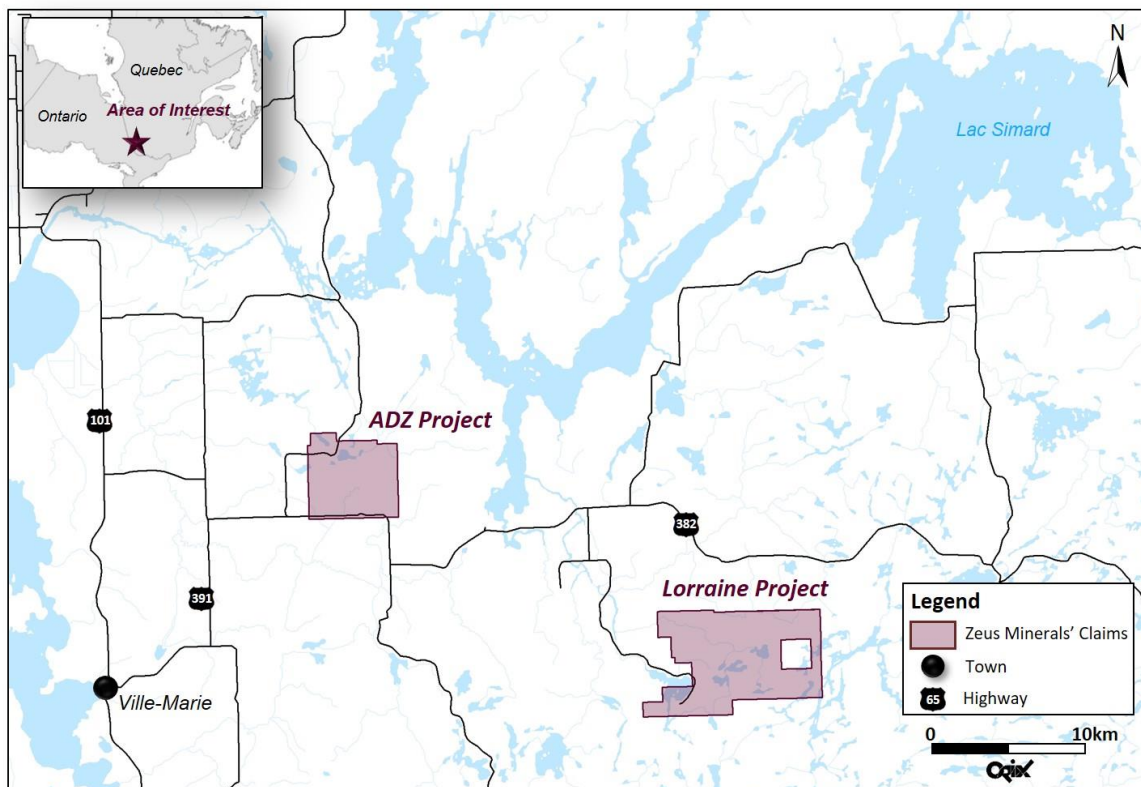


Figure 2: Lorraine and ADZ Project Areas

In May 2019 processing of the VTEM data by consultants Core Geophysics identified six Priority 1 conductors. This included five anomalies within the Lorraine Project area including one over the historic Lorraine Mine and one over the drilled high-grade Alotta deposit, both of which are known nickel-copper massive sulphide deposits. Plate modelling of the five Priority 1 Lorraine anomalies was then undertaken delineating significant EM plates interpreted to represent massive sulphide mineralisation for drill testing. A provisional diamond drill programme of up to 2,500m was budgeted to test these targets (ASX 16 May 2019). In addition, a further

ten Priority 2 anomalies were modelled for drill testing subject the success of the first pass programme (ASX 21 May 2019).

At the Alotta Prospect a Priority 1 VTEM plate was modelled which may represent the depth extension to the Alotta deposit and will need to be followed up by Downhole EM (DHEM) prior to drilling (ASX 21 May 2019).

A review of the VTEM survey data, especially the southwestern Target 4 anomaly and of the historic data compilation completed by Orix led to the application for 14 new claims (ASX 18 June 2019). The prospectivity of the new claims is enhanced as they cover the possible strike extension of Target 4 and of the possibility for volcanic related base metal (VMS) mineralisation associated with a mapped Banded Iron Formation unit.

In June 2019, the Company entered into an agreement to acquire the Bambino Project claims which are contiguous with its ADZ project area. The Bambino Project comprises 34 granted claims which were in part covered by the ADZ VTEM survey (ASX 24 June 2019). The Company's view was that there is potential to discover further Ni-Cu-PGE-Co mineralisation within district and that the Company will look at opportunities to expand its footprint in the area. The strategic acquisition of the Bambino claims more than doubled the area of the ADZ project. The acquisition was initiated at the PDAC conference.

An initial meeting was held between the Company and The Anishinabeg of Kakinwawigak (The Long Point First Nation) to negotiate access to the exploration areas under their Indigenous Title and Rights for drilling. An access agreement in the form of an Endorsement Certificate has been received so allowing the planned August drilling to go ahead.

Australia

Chase Mining Corporation Limited (the Company), through its wholly owned subsidiary Torrington Minerals Pty Ltd, holds contiguous ELs 8258 and 8355 in north-eastern New South Wales, which cover an area of approximately 51 square kilometre and comprise the Torrington Topaz and Tungsten Project. This Project was the sole focus of the Company until the acquisition of Zeus' Canadian assets was approved by the shareholders in October 2018.

Following an extensive drilling campaign, the Company's focus shifted from a standalone tungsten to a combined topaz – tungsten recovery project to improve the project economics.

The host rock to the tungsten mineralisation is sillexite which nominally consists of 80% quartz and 20% topaz. During the metallurgical testwork it was evident that a simple crushing and gravity separation recovery process, both tungsten and topaz will be recovered.

Topaz is an alumina silicate mineral that can be used as a raw material for castable refractory and ceramic production and given its hardness can also be used as a raw material in abrasive applications, especially in high-pressure water cutting.

It can also be used to produce castable mullite and possibly for the production of mullite fibre for use as a filler and reinforcing in composite materials.

The drilling at Wild Kate outlined a large sillexite body which will underpin the topaz requirements for any of the above applications in the future and will also co-produce tungsten. That is also the reason why the Company is in the process of finalising a Mining Lease Application.

In order to progress the mullite fibre from topaz research, Topfibre Pty Ltd (a 100% owned subsidiary of Chase Mining Corporation) entered into a collaboration agreement with the University of New South Wales (UNSW) to conduct research at their School of Materials Science and Engineering. An application was successfully lodged for Federal Government ARC Linkage Grant co-funding (ASX 3 August 2017) for a 3-year period.

Several quantifiable processing breakthroughs in the production of **mullite fibre** from Torrington-sourced topaz concentrate during the past year (ASX 26 July 2018; 15 January 2019; 9 April 2019; and, 26 July 2019) are summarised below:

- Separable mullite fibre is being produced (Ultimate aim of the research programme);
- Topaz being fed into the furnace no longer requires grinding or pelletising (Cost saving);
- Lower furnace operating temperatures are now possible (Cost saving);
- The maximal fibre length of $\leq 35 \mu\text{m}$ (micron) is now readily achieved;
- Proof-of-concept that parallel, separable, and sufficiently thick ($>3 \mu\text{m}$) fibres can be fabricated by growth on templates; and,
- High purity stepped templates of high surface areas have been fabricated.

Planned future work includes:

- Development of experimental parameters suitable to grow mullite fibres in the desirable proportions for inclusion in ceramic- and metal-matrix composites;
- Confirmation of mechanical separability of parallel fibres;
- Confirmation of effect of fluorine addition;
- Examination of contradiction between slow heating to generate large fibres and rapid heating to scrub SiO_2 with the use of solid fluorine source;
- Examine the formation of α -alumina nanoplatelets;
- Examine the kinetics of mullite fibre growth (aspect ratio, uniform length, and degree of parallel growth);
- Investigation of the nature of the nucleation and catalysis by SiO_{2-x} ;
- More broadly, develop two-stage process with view of patenting; and,
- Investigate metal infiltration of mullite fibre pre-forms.

(UNSW Progress Report 12 to 30 June 2019 summarised in ASX 26 July 2019)

A conditional written indicative future offtake offer was received for the supply of between 2,000 and 5,000 tonne of topaz concentrate per month raw topaz concentrate as an **abrasive material** after third party testwork (ASX 23 April 2019).

Air separation testwork may be a commercial option for the **removal of the free silica** (quartz) content of the topaz concentrate to below 1% for applications as a raw material it may pose a health risk issue at higher concentrations. Indications are that air gravity separation may also be a viable option to the water-based processing circuit presently being planned, or a combination of both (23 April 2019).

Environmental Regulation

The Company's operations are subject to significant environmental regulation principally under the provisions of the Mining Act 1992 and requirements of the Exploration Licences.

The Company believes it has met its obligations in all areas to date.

Significant changes in the state of affairs

Other than as disclosed in this report, in the opinion of the directors there were no significant changes in the state of affairs of the Company during the financial year under review.

Events subsequent to balance date

There have been no events that have occurred subsequent to year end that are material or unusual in nature that are likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Information on Directors

The following information is current as at the date of this report.

Leon Pretorius. *Chairman – Executive Director and CEO*

Experience and expertise	<p>Dr. Pretorius is a Geochemist with over 48 years' international mineral and mining experience.</p> <p>Since settling in Brisbane in 1978, he has worked on varied commodities with discovery success in gold, industrial minerals and uranium both in Queensland and South Africa. Mining (open cut) and processing experience has been gained in Gold, Industrial Minerals, Uranium and Tungsten.</p> <p>Corporately, he has also been involved as a public listed company director in Australia and overseas since 1985. In the ten years prior to joining Chase's Board as its Executive Chairman, he was a Director of ASX listed Paladin Energy; Managing Director of Deep Yellow Limited; and Executive Chairman of Carbine Tungsten.</p>
Other current directorships	None.
Former listed directorships in last 3 years	None.
Special responsibilities	Chairman of the Board and CEO
Interests in shares and options	16,000,000 ordinary shares 4,000,000 performance rights

Martin Kavanagh. Non-Executive Director

Experience and expertise	<p>Mr. Kavanagh is the Principal of KEM Resources - Mineral Industry Consultants, and has been consulting to the Company since November 2014.</p> <p>As a senior executive and consultant in the resource industry, he has developed a multi-commodity skill set primarily as an exploration geologist with a strong background in resource development, open-pit and underground mining, metallurgy and process plant operations.</p> <p>Until May 2013, he was an Executive Director of Deep Yellow Limited (ASX: DYL), a Namibian-focused uranium exploration company. Prior to joining Deep Yellow, he held both Executive and Non-Executive Director positions at Tanami Gold (ASX: TAM) from 1995 to 2007. He has over 49 years exploration and mining experience acquired through fieldwork, research and management of Australia-wide and offshore programmes, and has worked widely within the exploration and mining industry in Australia and offshore in Indonesia, North America, the Southwest Pacific region and South Africa for Dominion Mining Ltd, Anaconda Australia Ltd and International Nickel Australia Ltd.</p>
Other current directorships	None.
Former listed directorships in last 3 years	None.
Special responsibilities	None.
Interests in shares and options	700,000 ordinary shares 1,500,000 performance rights

Charles Thomas. Non-Executive Director	
Experience and expertise	Mr. Thomas holds a Bachelor of Commerce from UWA majoring in Corporate Finance. He is an Executive director and Founding Partner of GTT a leading boutique corporate advisory firm based in Australia. Mr. Thomas has worked in the financial service industry for more than 15 years and has extensive experience in capital markets as well as the structuring of corporate transactions.
Other current directorships	Managing director of Marquee Resources Limited (ASX: MQR) since 2016. Non-executive director of Viking Mines Ltd (ASX: VKA) since 2017.
Former listed directorships in last 3 years	Non-executive director of AVZ Minerals Ltd (ASX: AVZ) (2016) Non-executive director of Force Commodities Ltd (ASX: 4CE) (2015-2017) Non-executive director of Search Party Group Ltd (ASX: SP1) (2013-2017)
Special responsibilities	None.
Interests in shares and options	8,000,000 ordinary shares 1,500,000 performance rights

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full meetings of Directors	
	A	B
Leon Pretorius	14	14
Martin Kavanagh	14	14
Charles Thomas	14	14
Marnus Bothma	5	5

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

There were no separately constituted committees of the Company. Given the limited size of the Board and the Company and its operations, these are combined with the normal Board Meetings of the Company.

Remuneration report - Audited

The Directors present the Chase Mining Corporation 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses for KMP
- (f) Contractual arrangements with executive KMP
- (g) Non-Executive Director arrangements
- (h) Additional statutory information

(a) Key management personnel covered in this report

Non-executive and Executive Directors

Leon Pretorius
Martin Kavanagh
Charles Thomas
Marnus Bothma (from 3 October 2018 to 20 March 2019)

(b) Remuneration policy and link to performance

The role of a remuneration committee is performed by the full Board of Directors. The board reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Group to attract and retain key talent
- aligned to the Group's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders

Element	Purpose	Performance metrics	Potential value	Changes for FY 2019
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	None

Remuneration report – Audited (continued)

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executives receive their fixed remuneration as cash. FR is reviewed annually. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The board has the flexibility to take into account capability, experience, value to the organisation and performance of the individual. The Group has not engaged an external remuneration consultant during FY2019.

Superannuation is included in FR for executives. In FY 2019, fixed remuneration was not increased.

(ii) Short term incentives

Short term incentives are currently not available to executive.

(iii) Long term incentives

Directors participate, with Shareholder approval, in the Long Term Incentive Program (“LTIP”) comprising one off grants of performance rights, with varying vesting conditions. The Company does not have a formal LTIP, rather incentives are awarded at the discretion of the Board.

Performance Rights

During FY 2019, 7,000,000 performance rights were granted to the Directors (4,000,000 to Leon Pretorius, 1,500,000 to Charles Thomas, 1,500,000 to Martin Kavanagh). The performance rights expire on 31 January 2020. These performance rights vest as follows:

- 50% vest any time on or after the CML share price trades at a VWAP of 7.5 cents per share or greater for a period of 10 consecutive trading days within 18 months of issue;
- 50% vest any time on or after the CML share price trades at a VWAP of 10.0 cents per share or greater for a period of 10 consecutive trading days within 18 months of issue;

Remuneration report (continued)

(d) *Link between remuneration and performance*

The Company is focused on driving sustained growth in shareholder wealth, principally through mineral exploration, evaluation and commercialisation of discoveries each designed to increase the share price.

The mineral discovery focus of the Company is based on exploration and evaluation activities with the objective of proving up a resource that can be commercialised through development, joint venture or sale. As the Company is still in the exploration and evaluation stage, the link between remuneration, Company performance and shareholder wealth is tenuous. Share prices are subject to the influence of mineral prices and market sentiment towards the sector and, as such, increases or decreases may occur quite independent of Executive performance or remuneration.

Given the nature of the Group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current financial year. The details of the market price movements, compared to the operating profit/loss for the previous five years is set out below:

Financial Year	Net Operating Profit/(Loss) (\$)	Share Price at Year End (\$)
30 June 2019	(731,828)	0.026
30 June 2018	(712,708)	0.036
30 June 2017	(356,915)	0.035
30 June 2016	(165,942)	0.023*
30 June 2015	(3,229,328)	0.071

* In August 2015, shareholders approved a capital return of 5 cents per share.

Remuneration report – Audited (continued)

(e) Remuneration expenses for KMP

The following table shows details of the remuneration expense recognised for the Group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Fixed remuneration				Variable remuneration		%
Name	Year	Salary & Fees	Non-cash benefits*	Other short-term benefits^	Post-employment benefits	Performance Rights	Total	Perform- ance based
Executive Directors								
Leon Pretorius	2019	219,178	3,180		20,822	36,503	279,683	13%
	2018	219,178	3,196		20,822	-	243,196	-
Total Executive Directors	2019	219,178	3,180		20,822	36,503	279,683	-
	2018	219,178	3,196		20,822	-	243,196	-
Non-executive Directors								
Dennis Lovell	2019	-	-		-	-	-	-
	2018	36,500	-		-	-	36,500	-
Martin Kavanagh	2019	48,000	-	51,142	9,418	13,689	122,249	11%
	2018	69,260	-		-	-	69,260	-
Charles Thomas	2019	53,299	-		5,063	13,689	72,051	19%
	2018	9,067	-		861	-	9,928	-
Marnus Bothma	2019	22,093	-	27,624	4,723	-	54,440	-
	2018	-	-		-	-	-	-
Total Non-Executive Directors	2019	126,534	-	75,624	19,204	27,378	248,740	-
	2018	114,827			861	-	115,688	-
Total KMP remuneration expensed	2019	345,712	3,180	75,624	40,026	63,881	528,423	-
	2018	334,005	3,196	-	21,683	-	358,884	

* Non-cash benefits include airfares provided under the terms of Leon Pretorius's employment contract, along with an allocation of rent paid by the Company, for a field office / house in Tenterfield in which he resides.

^ Payments made in addition to the base non-executive director fees for additional services

Remuneration report (continued)

(f) Contractual arrangements with executive KMP's

Remuneration of the Executive Chairman, Leon Pretorius, is by way of an executive employment contract for the services provided to the company at a rate of \$240,000 per annum inclusive of superannuation commencing on 1 July 2016 and is ongoing. The notice period required under the contract, by either the employee or the Company, is twelve months. The contract states that although the Executive Chairman will reside on the east coast of Australia, he may from time to time choose to reside in South Africa and that up to three return business class airfares to South Africa will be reimbursed to him by the Company for himself and similarly for no more than one family member, i.e. a total of 6 return airfares during any one 12-month period. This may be varied by the Board if additional overseas travel for the Company's business is required and may be included in the planned trips to South Africa. These airfares have no monetary value if not utilised. Fees paid to him included in the Remuneration Report within the Directors' Report.

(g) Non-executive Director arrangements

The Non-Executive Directors receive fees of \$48,000 per annum excluding superannuation. Fees are reviewed annually by the board taking into account comparable roles. The current base fees were reviewed with effect from 23 April 2018.

During the financial year, Mr Kavanagh was paid additional fees of \$51,142 for additional services carried out by him.

The maximum annual aggregate Directors' fee pool limit is currently set at \$200,000.

All Non-executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of Director.

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expenses in the table on page 18:

Relative proportion of fixed vs variable remuneration expense

Name	Fixed remuneration		At risk – LTI	
	2019	2018	2019	2018
Executive Directors				
Leon Pretorius	87%	100%	13%	-
Non-Executive Directors				
Martin Kavanagh	89%	100%	11%	-
Charles Thomas	81%	100%	19%	-
Marnus Bothma	100%	-	-	-

(ii) Reconciliation of ordinary shares and performance rights held by KMP

The table below shows a reconciliation of ordinary shares held by each KMP from the beginning to the end of FY2019. There are no options granted to KMP.

Remuneration report (continued)

Shareholdings

2019 Name	Balance at the start of the year	Purchased during the year	Other changes during the year *	Balance at the end of the year
Ordinary shares				
Leon Pretorius	13,000,000	3,000,000	-	16,000,000
Martin Kavanagh	540,000	160,000	-	700,000
Charles Thomas	4,064,339	3,935,661	-	8,000,000
Total	17,604,339	7,095,661	-	24,700,000

* During FY2019 Marnus Bothma was both appointed and ceased being a director. Whilst Mr Bothma was a director he acquired 235,997 ordinary shares in CML in his capacity as a Zeus Minerals vendor.

The table below shows a reconciliation of performance rights held by each KMP from the beginning to the end of FY2019. There are no options granted to KMP.

Performance rights

2019 Name	Balance at the start of the year	Granted as compensation	Other changes during the year	Balance at the end of the year
Ordinary shares				
Leon Pretorius	-	4,000,000	-	4,000,000
Martin Kavanagh	-	1,500,000	-	1,500,000
Charles Thomas	-	1,500,000	-	1,500,000
Total	-	7,000,000	-	7,000,000

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

	Grant date	Vesting date	Grant date value	
			Tranche 1	Tranche 2
Leon Pretorius	31 July 2018	31 July 2018	\$0.02	\$0.01
Martin Kavanagh	31 July 2018	31 July 2018	\$0.02	\$0.01
Charles Thomas	31 July 2018	31 July 2018	\$0.02	\$0.01

The number of performance rights over ordinary shares in the Company provided as remuneration to key management personnel is shown on page 20. The performance rights carry no dividend or voting rights. See page 20 above for conditions that must be satisfied for the performance rights to vest.

When exercisable, each performance right is convertible into one ordinary share of Chase Mining Corporation Limited.

If an executive ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis.

Remuneration report (continued)

(iii) *Transactions with Directors and Director Related Entities*

During the financial year the Group paid \$118,476 to GTT Corporate Advisory, a company of which Charles Thomas is a shareholder and director, for corporate advisory services. At 30 June 2019, Chase Mining Corporation Limited was contracted to pay GTT Corporate Advisory fees of \$5,000 per month for a minimum period of twelve months.

During the financial year the Group issued 3,714,285 fully paid ordinary shares to GTT, following shareholder approval, as consideration for services performed relating to the acquisition of Zeus Minerals Limited.

(iv) *Loans to Key Management Personnel*

Nil

End of remuneration report (audited)

Shares under performance rights

Unissued ordinary shares in Chase Mining Corporation Limited under performance right at the date of this report are as follows:

- a) On 31 July 2018 7,500,000 performance rights have been granted to directors and executives of the Company.

3,750,000 of these performance rights vest if the CML share price trades at a VWAP greater than or equal to 7.5 cents per share for a period of 10 consecutive trading days within 18 months from issue. The remaining 3,750,000 performance rights vest if the CML share price trade at a VWAP greater than or equal to 10 cents per share for a period of 10 consecutive trading days within 18 months from issue.

- b) 6,000,000 performance rights were granted as remuneration to GTT Corporate Advisory during the prior financial year. 3,000,000 performance rights vest if the CML share price trades at a VWAP greater than or equal to 7.5 cents per share for a period of 10 consecutive trading days within 18 months from issue. The remaining 3,000,000 performance rights vest if the CML share price trade at a VWAP greater than or equal to 10 cents per share for a period of 10 consecutive trading days within 18 months from issue. In addition to the above vesting conditions, half of all of these performance rights are also subject to GTT introducing a project to CML.

No performance right holder has any right to participate in any other share issue of the Company or any other entity.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Chase Mining Corporation Limited paid a premium of \$26,368 (GST inclusive) to insure the Directors and secretaries of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

Chase Mining Corporation Limited has not agreed to indemnify their auditors.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

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

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

During the year, no non-audit services were provided by the auditor.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

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



Leon Pretorius
Chairman

Brisbane
4 September 2019

CHASE MINING CORPORATION LIMITED (ABN 12 118 788 846)

AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY A J WHYTE TO DIRECTORS OF CHASE MINING CORPORATION LIMITED

As lead auditor of Chase Mining Corporation Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Chase Mining Corporation Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to be 'A J Whyte', written over a circular stamp or seal.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 4 September 2019

Corporate governance statement

Chase Mining Corporation Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Chase Mining Corporation Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 corporate governance statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. The 2019 corporate governance statement was approved by the board on 4 September 2019. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at <http://www.chasemining.com.au/About/Corporate-Governance>.

CHASE MINING CORPORATION LIMITED

ABN 12 118 788 846

Annual financial report – 30 June 2019

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These financial statements are consolidated financial statements for the Group consisting of Chase Mining Corporation Limited and its subsidiaries. A list of major subsidiaries is included in note 12.

The financial statements are presented in the Australian currency.

Chase Mining Corporation Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Chase Mining Corporation Limited
Level 8, 46 Edward Street
Brisbane QLD 4000

All press releases, financial reports and other information are available at our website:
www.chasemining.com.au.

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019

		Consolidated	
		2019	2018
	Notes	\$	\$
Revenue	3	212,553	77,466
Expenses			
Depreciation and amortisation expense		(10,467)	(12,719)
Employee benefits expense		(290,380)	(167,928)
Research and development expensed		(158,305)	(202,347)
Corporate advisory fees		(115,000)	(170,000)
Administration expenses		(370,229)	(237,180)
Loss before income tax expense		(731,828)	(712,708)
Income tax benefit	5	-	-
Loss from continuing operations		(731,828)	(712,708)
Other comprehensive income for the year, net of tax			
May be reclassified subsequently to profit or loss:			
Foreign currency translation		443	-
Total comprehensive income for the year		(731,385)	(712,708)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	8	(0.38 cents)	(0.47 cents)
Diluted earnings per share	8	(0.38 cents)	(0.47 cents)

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

Consolidated balance sheet

As at 30 June 2019

	Notes	Consolidated	
		2019	2018
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	9	644,268	1,147,110
Investments	10	2,103,367	2,404,979
Trade and other receivables	11	127,952	25,527
Total current assets		2,875,587	3,577,616
Non-current assets			
Plant and equipment	13	48,472	58,939
Exploration and evaluation assets	14	5,144,827	2,695,838
Trade and other receivables	11	36,100	36,100
Total non-current assets		5,229,399	2,790,877
Total assets		8,104,986	6,368,493
LIABILITIES			
Current liabilities			
Trade and other payables	15	163,674	85,047
Total current liabilities		163,674	85,047
Total liabilities		163,674	85,047
Net assets		7,941,312	6,283,446
EQUITY			
Contributed equity	16	11,524,777	9,203,969
Reserves		903,687	834,801
Accumulates losses		(4,487,152)	(3,755,324)
Total equity		7,941,312	6,283,446

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2019

	Contributed equity	Accumulated losses	Reserves			Total
			Share based payments reserve	Contingent consideration reserve	Foreign currency translation reserve	
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	9,203,969	(3,042,616)	583,089	101,712	-	6,846,154
Loss for the year	-	(712,708)	-	-	-	(712,708)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	(712,708)	-	-	-	(712,708)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	-	-	-	-	-	-
Share based payments	-	-	150,000	-	-	150,000
Balance at 30 June 2018	9,203,969	(3,755,324)	733,089	101,712	-	6,283,446
Loss for the year	-	(731,828)	-	-	-	(731,828)
Other comprehensive income	-	-	-	-	443	443
Total comprehensive income	-	(731,828)	-	-	443	(731,385)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	2,320,808	-	-	-	-	2,320,808
Share based payments	-	-	68,443	-	-	68,443
Balance at 30 June 2019	11,524,777	(4,487,152)	801,532	101,712	443	7,941,312

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

Consolidated statement of cash flows

For the year ended 30 June 2019

		Consolidated	
		2019	2018
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		46,622	67,263
Payments to suppliers and employees (GST inclusive)		(908,835)	(654,038)
Research and development tax incentive received		71,198	-
Interest received		61,029	89,094
Net cash outflow from operating activities	19	<u>(729,986)</u>	<u>(497,681)</u>
Cash flows from investing activities			
Payments for exploration and evaluation		(767,517)	(610,654)
Cash acquired on acquisition of subsidiary	26	216,083	-
Payment for security bonds		-	(5,000)
Net cash outflow from investing activities		<u>(551,434)</u>	<u>(615,654)</u>
Cash flows from financing activities			
Proceeds on issue of shares		500,000	-
Payment of capital raising costs and listing expenses		(23,477)	-
Net cash inflow from financing activities		<u>476,523</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>(804,897)</u>	<u>(1,113,335)</u>
Effects of foreign currency		443	-
Cash and cash equivalents at the beginning of the year		<u>3,552,089</u>	<u>4,665,424</u>
Cash and cash equivalents at the end of the year	19(b)	<u><u>2,747,635</u></u>	<u><u>3,552,089</u></u>

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

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

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

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

The financial statements were authorised for issue by the Directors on 4 September 2019. The Directors have the power to amend and reissue the financial statements.

a. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Chase Mining Corporation Limited ('Company' or 'Parent Entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Chase Mining Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated entity' or 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Chase Mining Corporation Limited and its wholly owned subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within the group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary.

The group does not have a tax funding or sharing agreement in place in relation to tax liabilities that might arise.

c. Revenue recognition

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established, which includes any R&D grants and any other income.

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies

d. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

e. Current and non-current classification

Assets and liabilities are presented in the consolidated balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

f. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes fixed term deposits, which are shown within investments in current assets on the consolidated balance sheet.

g. Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

h. Exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A provision is raised against exploration and evaluation assets where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

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

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

i. Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Equipment and furniture	8%-50%
Motor vehicles	19-30%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies (continued)

j. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. They are measured at amortised cost. The amounts are unsecured and are on credit terms ranging between 7 and 60 days.

k. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

l. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m. Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

n. Earnings per share

Basic earnings per share

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

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

o. Goods and Services Tax ('GST') and other similar taxes

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

p. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Chase Mining Corporation Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the profit or loss on a net basis within other gains/(losses).

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

p. **New and Amended Accounting Policies Adopted by the Group**

The Group has adopted all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

Impact of application of AASB 15 *Revenue from Contracts with Customers*

In the current year, the Group has applied AASB 15 *Revenue from Contracts with Customers* which is effective for an annual period that begins on or after 1 January 2018. The adoption of this standard has no impact on the Group's consolidated financial statements as the Group does not have revenue from contracts with customers.

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies (continued)

Impact of application of AASB 9 *Financial Instruments*

In the current year, the Group has applied AASB 9 *Financial Instruments* and the related consequential amendments to other AASB Standards that are effective for the annual period that begins on or after 1 January 2018.

Additionally, the Group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2019 and to the comparative period.

The adoption of this standard has had no impact of the measurement or recognition of any balances in the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 *Leases*

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Management has assessed the effects of applying the new standard and as the Company only has short term leases, the impact is not expected to be significant.

q. Critical accounting estimates

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

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group intend to commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

Notes to the financial statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies (continued)

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either a binomial or Monte Carlo option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

Asset acquisition

The Group has accounted for the acquisition of Zeus Minerals Pty Ltd (formerly Zeus Minerals Limited) as an asset acquisition. The assets acquired, being mining exploration rights, is considered to be a group of assets that do not constitute a business as defined in AASB 3 Business Combinations.

Consideration for the acquisition of Zeus Minerals Pty Ltd was the issue of 35,714,269 fully paid ordinary shares in Chase Mining Corporation. As the fair value of the assets acquired was not able to be estimated reliably, the fair value of the consideration shares, on the day they were issued, has been used to determine fair value.

Notes to the financial statements for the year ended 30 June 2019

Note 2 Parent information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	Notes	2019 \$	2018 \$
Balance sheet			
ASSETS			
Current assets			
Cash and cash equivalents		644,389	1,147,110
Investments		2,103,367	2,404,979
Trade and other receivables		113,720	25,296
		<u> </u>	<u> </u>
Total current assets		2,861,476	3,577,385
		<u> </u>	<u> </u>
Non-current assets			
Plant and equipment		48,472	58,939
Intercompany receivables		-	2,961,023
Investment in subsidiaries		1,844,285	-
Other assets		36,100	36,100
		<u> </u>	<u> </u>
Total non-current assets		1,928,857	3,056,062
		<u> </u>	<u> </u>
Total assets		4,790,333	6,633,447
		<u> </u>	<u> </u>
LIABILITIES			
Current liabilities			
Payables		114,273	85,047
		<u> </u>	<u> </u>
Total current liabilities		114,273	85,047
		<u> </u>	<u> </u>
Total liabilities		114,273	85,047
		<u> </u>	<u> </u>
Net assets		4,676,060	6,548,400
		<u> </u>	<u> </u>

Notes to the financial statements for the year ended 30 June 2019

Note 2 Parent information (continued)

	Notes	2019 \$	2018 \$
Contributed equity		11,524,778	9,203,969
Reserves		903,244	834,801
Accumulates losses		(7,751,962)	(3,490,370)
Total equity		4,676,060	6,548,400
Statement of Profit or Loss and Other Comprehensive Income			
Total profit/(loss) for the year		(4,261,592)	(510,106)
Total comprehensive income		(4,261,592)	(510,106)

Guarantees

Chase Mining Corporation Limited has not entered into any guarantees, in the current or previous reporting period, in relation to the debts of its subsidiaries.

Contingent liabilities

At 30 June 2019, Chase Mining Corporation Limited did not have any contingent liabilities (30 June 2018: Nil).

Contractual commitments

At 30 June 2019, Chase Mining Corporation Limited was contracted to pay corporate advisory fees of \$5,000 per month for a minimum period of twelve months. In the prior year, Chase Mining Corporation Limited was contracted to pay corporate advisory fees of \$10,000 per month for a minimum period of twelve months.

Note 3 Revenue

	Consolidated	
	2019 \$	2018 \$
Other revenue:		
Interest received from unrelated parties	57,130	77,466
Research and development tax incentive	155,423	-
Total revenue	212,553	77,466

Notes to the financial statements for the year ended 30 June 2019

Note 4 Loss for the year

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

	Consolidated	
	2019	2018
	\$	\$
Superannuation expense	10,650	22,823
Share based payments expense	68,443	150,000

Note 5 Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	Consolidated	
	2019	2018
	\$	\$

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

Profit/(loss) before income tax expense	(731,828)	(712,708)
Tax at the Australian tax rate of 27.5% (2018 – 27.5%)	(201,253)	(195,995)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible (income)/expenses	(23,920)	41,250
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	225,173	154,745
Income tax expense	-	-

(b) Tax losses

Net deferred tax asset not recognised including unused tax losses	3,174,251	2,676,476
Potential tax benefit @ 27.5% (2018: 27.5%)	872,919	736,031

(c) Franking credits

Franking credits available for use in subsequent financial years	153,452	153,452
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Notes to the financial statements for the year ended 30 June 2019

Note 5 Income tax expense (continued)

	Consolidated	
	2019	2018
	\$	\$
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses	1,629,344	1,254,953
Employee entitlements	15,717	10,478
Share issue costs	2,692	7,002
Other	6,360	5,904
Total deferred tax assets	1,654,113	1,278,337
Set-off of deferred tax liabilities pursuant to set-off provisions	(781,194)	(542,306)
Deferred tax assets not recognised	(872,919)	(736,031)
Net deferred tax assets	-	-
(d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Interest receivable	3,325	4,398
Prepayments	3,241	1,706
Exploration and evaluation assets	774,628	536,202
Total deferred tax liabilities	781,194	542,306
Set-off of deferred tax liabilities pursuant to set-off provisions	(781,194)	(542,306)
Net deferred tax liabilities	-	-

Unused losses which have not been recognised as an asset, will only be obtained if:

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

The Group has carried forward unused capital losses totalling \$221,710 (2018: \$221,710).

Notes to the financial statements for the year ended 30 June 2019

Note 5 Income tax expense (continued)

Offsetting within tax consolidated entity

Chase Mining Corporation Limited and its wholly-owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Note 6 Key Management Personnel Compensation

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	Consolidated	
	2019	2018
	\$	\$
Short-term employee benefits	424,516	337,201
Post-employment benefits	40,026	21,683
Share-based compensation	63,881	-
Total KMP compensation	<u>528,423</u>	<u>358,884</u>

Short-term employee benefits

These amounts include fees and benefits paid to the executive Chairman as well as all salary, paid leave benefits and fees paid to non-executive directors and Key Management Personnel.

Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

Notes to the financial statements for the year ended 30 June 2019

Note 7 Auditor's Remuneration

	Consolidated	
	2019	2018
	\$	\$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	32,409	29,600
<i>Remuneration for non-audit services</i>		
- Taxation services	-	-
	<u>32,409</u>	<u>29,600</u>

Note 8 Earnings per share

	2019	2018
	Cents	Cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>(0.38 cents)</u>	<u>(0.47 cents)</u>
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>(0.38 cents)</u>	<u>(0.47 cents)</u>
(c) Reconciliations of earnings used in calculating earnings per share		
	2019	2018
	\$	\$
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	<u>(731,828)</u>	<u>(712,708)</u>
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	<u>(731,828)</u>	<u>(712,708)</u>
(d) Weighted average number of shares used as the denominator		
	2019	2018
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	<u>192,046,075</u>	<u>153,247,653</u>

Notes to the financial statements for the year ended 30 June 2019

Note 9 Cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash at bank	644,268	1,147,110
Total cash and cash equivalents	644,268	1,147,110

Note 10 Investments

	Consolidated	
	2019	2018
	\$	\$
CURRENT		
Fixed term cash deposits	2,103,367	2,404,979
Total investments	2,103,367	2,404,979

Note 11 Trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
CURRENT		
Interest receivable	12,092	15,991
Other receivables	31,635	9,536
Research and development tax incentive receivable	84,225	-
Total current trade and other receivables	127,952	25,527
NON-CURRENT		
Security deposits	36,100	36,100
Total non-current trade and other receivables	36,100	36,100

Credit risk

The Group has no significant concentration of credit risk with respect to any counterparties or on a geographical basis.

Notes to the financial statements for the year ended 30 June 2019

Note 12 Interests in subsidiaries

Information about material Subsidiaries

The group's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/country of incorporation	Ownership interest held by the group		Principal activities
		2019 %	2018 %	
Torrington Minerals Pty Ltd	Australia	100%	100%	Mineral exploration
TopFibre Pty Ltd	Australia	100%	100%	Topaz research and development
Zeus Minerals Pty Ltd	Australia	100%	-	Mineral exploration
Zeus Minerals Corp.	Canada	100%	-	Mineral exploration
Zeus Olympus Sub Corp.	Canada	100%	-	Mineral exploration

Note 13 Plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Field equipment		
At cost	53,151	53,151
Accumulated depreciation	(35,133)	(30,907)
Total field equipment	18,018	22,244
Office equipment and furniture		
At cost	5,404	5,404
Accumulated depreciation	(1,810)	(1,504)
Total office equipment and furniture	3,594	3,900
Motor vehicles		
At cost	145,000	145,000
Accumulated depreciation	(118,140)	(112,205)
Total motor vehicles	26,860	32,795
Total plant and equipment	48,472	58,939

Notes to the financial statements for the year ended 30 June 2019

Note 13 Property, plant and equipment (continued)

Reconciliations of the carrying amount of each class of property, plant and equipment at the beginning and end of the current financial period are set out below:

	Field equipment \$	Office equipment and furniture \$	Motor vehicles \$	Total \$
Opening balance	22,244	3,900	32,795	58,939
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	(4,226)	(306)	(5,935)	(10,467)
Closing balance	18,018	3,594	26,860	48,472

Note 14 Exploration and evaluation assets

	Consolidated	
	2019 \$	2018 \$
Exploration and evaluation assets – at cost	5,144,827	2,695,838
The capitalised exploration and evaluation assets carried forward above have been determined as follows:		
Balance at the beginning of the year	2,695,838	2,140,615
R&D refund received	-	-
Exploration and evaluation assets acquired – Zeus Minerals	1,677,738	-
Expenditure incurred during the year	771,251	555,223
Balance at the end of the year	5,144,827	2,695,838

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

Notes to the financial statements for the year ended 30 June 2019

Note 15 Trade and other payables

	Consolidated	
	2019	2018
	\$	\$
CURRENT		
Trade payables	19,775	12,161
Sundry payables and accrued expenses	143,899	72,886
Total trade and other payables	163,674	85,047

Note 16 Issued capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
(a) Share capital				
Ordinary shares				
Fully paid	206,961,921	153,247,653	11,524,777	9,203,969

(b) Movements in ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	\$
1 July 2017	Opening balance		153,247,653		9,203,969
3 October 2018	Placement shares	(c)	14,285,714	\$0.035	500,000
11 October 2018	Acquisition of Zeus Minerals Limited	(d)	35,714,269	\$0.048	1,714,285
18 October 2018	GTT shares	(e)	3,714,285	\$0.035	130,000
	Share issue expenses		-		(23,477)
30 June 2019	Closing balance		206,961,921		11,524,777

(c) Issue to sophisticated investors

The issue of 14,285,714 fully paid ordinary shares to sophisticated investors at an issue price of \$0.035 cash.

(d) Zeus Minerals Limited acquisition

On 11 October 2018 35,714,269 fully paid ordinary shares were issued to vendors of Zeus Minerals Pty Ltd as consideration for the acquisition of 100% of Zeus Minerals Pty Ltd.

(e) Issue of shares to GTT

The issue of 3,714,285 fully paid ordinary shares to GTT as consideration for services performed relating to the acquisition of Zeus Minerals Limited, following shareholder approval.

Notes to the financial statements for the year ended 30 June 2019

Note 16 Issued capital (continued)

(f) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group will continue to use capital market issues to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

Note 17 Reserves

	Consolidated	
	2019	2018
	\$	\$
Share-based payment reserve	801,532	733,089
Contingent consideration reserve	101,712	101,712
Foreign currency translation reserve	443	-
	<u>903,687</u>	<u>834,801</u>

(a) Share-based payment reserve

	Consolidated	
	2019	2018
	\$	\$
Share-based payment reserve	<u>801,532</u>	<u>733,089</u>
Movements:		
Balance 1 July	733,089	583,089
Share based payments	<u>68,443</u>	<u>150,000</u>
Balance 30 June	<u>801,532</u>	<u>733,089</u>

The share-based payment reserve records items recognised as expenses on valuation of director, employee and contractor options and performance rights.

Notes to the financial statements for the year ended 30 June 2019

Note 17 Reserves (continued)

(b) Contingent consideration reserve	Consolidated	
	2019	2018
	\$	\$
Contingent consideration reserve	101,712	101,712

There have been no movements in the reserve during the current or prior financial years.

The contingent consideration reserve arises from valuing the contingent share-based consideration associated with the purchase of the Torrington Tungsten and Topaz Project.

(c) Foreign currency translation reserve	Consolidated	
	2019	2018
	\$	\$
Foreign currency translation reserve	443	-

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(p) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Note 18 Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia and Canada. Operating segments are determined on the basis of financial information reported to the Board, which is at the Group level. The Group does not have any products/services where it derives revenue.

In the current financial year, the board has identified two geographical segments being Australia and Canada. In the prior financial year, there was only one geographical segment, being Australia.

Notes to the financial statements for the year ended 30 June 2019

Note 18 Operating segments (continued)

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

b. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

c. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

d. Unallocated items

The following items for revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income
- Corporate administrative and other expenses
- Income tax expense
- Corporate share-based payments
- Corporate marketing and project development expenses
- Research and development tax incentive

Notes to the financial statements for the year ended 30 June 2019

Note 18 Operating segments (continued)

e. Segment information

Segment performance

2019	Australia \$	Canada \$	Unallocated \$	Total \$
Interest revenue	-	-	57,130	57,130
Other revenue	-	-	155,423	155,423
Total group revenue	-	-	212,553	212,553
Segment net profit / (loss) from continuing operations before tax	(158,305)	(5,470)	(568,053)	(731,828)

Segment assets

	Australia \$	Canada \$	Unallocated \$	Total \$
30 June 2019	2,816,402	2,342,536	2,946,048	8,104,986

Segment liabilities

	Australia \$	Canada \$	Unallocated \$	Total \$
30 June 2019	5,473	43,929	114,272	163,674

Geographical Segments

For the purposes of segment reporting, all segment activities relating to Topaz and Tungsten Exploration and Evaluation is carried out in Australia and all segment activities relating to Nickel-Copper Exploration and Evaluation is carried out in Canada.

Notes to the financial statements for the year ended 30 June 2019

Note 19 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	2019	2018
	\$	\$
Profit / (loss) for the year	(731,828)	(712,708)
Adjustments for		
Depreciation expense	10,467	12,719
Share based payments	68,443	150,000
Non-refundable deposits paid	-	-
Change in operating assets and liabilities:		
(Increase)/decrease in other assets	(106,448)	24,852
Increase/(decrease) in trade and other creditors	10,329	8,405
Increase/(decrease) in provisions	19,051	19,051
Net cash inflow (outflow) from operating activities	(729,986)	(497,681)

(b) Cash and cash equivalents shown in the cashflow statement comprises the following:

		Consolidated	
		2019	2018
		\$	\$
Cash and cash equivalents	9	644,268	1,147,110
Investments	10	2,103,367	2,404,979
Net cash inflow (outflow) from operating activities		2,747,635	3,552,089

(c) Net debt reconciliation

The Company does not have any debt on its balance sheet and therefore no net debt reconciliation has been provided.

(d) Non-Cash investing and financing activities

Refer note 16 (d) and (e) for non-cash financing activities relating to the acquisition of Zeus Minerals Pty Ltd.

Note 20 Events after the reporting date

There are no events that have occurred after the reporting date that are material or unusual in nature that are likely to significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Notes to the financial statements for the year ended 30 June 2019

Note 21 Related party transactions

(a) Key management personnel - service agreements

Refer to the remuneration report, contained in the Directors report, for details of service agreements.

(b) Other related parties

During the financial year the Group paid \$118,476 to GTT Corporate Advisory, a company of which Charles Thomas is a shareholder and director, for corporate advisory services. At 30 June 2019, Chase Mining Corporation Limited was contracted to pay GTT Corporate Advisory fees of \$5,000 per month for a minimum period of twelve months.

During the financial year the Group issued 3,714,285 fully paid ordinary shares to GTT, following shareholder approval, as consideration for services performed relating to the acquisition of Zeus Minerals Limited.

In addition, in the event of a capital raising of which GTT Corporate Advisory is the lead manager, a fee of 6% of the value of any shares placed to either GTT Corporate Advisory or investors introduced by GTT Corporate Advisory.

Further, GTT Corporate Advisory will earn a fee of 10% of any consideration, associated with any transaction as a result of a project introduced by GTT Corporate Advisory. This fee is capped at \$500,000.

During the financial year the Group paid \$12,000 of salary and wages to Ms L Osborne, who is the spouse of Dr L Pretorius.

There were no transactions with other related parties during the year and no balances held with other related parties at year end.

Note 22 Commitments

(a) Exploration commitments

	Consolidated	
	2019	2018
Notes	\$	\$
Commitments for payments under exploration permits in existence at the reporting date but not recognised as liabilities payable	215,532	-

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Notes to the financial statements for the year ended 30 June 2019

Note 22 Commitments (continued)

Exploration commitments are calculated on the assumption that each of these tenements will be held for its full term. But, in fact, commitments will decrease materially as exploration advances and ground that is shown to be un-prospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds and new capital raisings.

As at 30 June 2019 the company has met all of its minimum expenditure commitments on its tenements.

(b) Operating leases

	Consolidated	
	2019	2018
	\$	\$
Within one year	-	-
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
Total operating leases commitments	-	-

(c) Other contractual commitments

- (i) The Group has secured funding from the Australian Research Council (ARC) to partially fund the Company's Topaz research project in collaboration with the University of New South Wales.

Under the ARC Linkage agreement, the Group is committed to contribute \$195,000 in cash and \$290,000 in-kind towards a Topaz research project. The in-kind contribution is Dr Leon Pretorius' time and supply of raw material (topaz concentrate). To 30 June 2019, the Group has contributed \$213,516 of cash and in-kind contributions.

- (ii) At 30 June 2019, Chase Mining Corporation Limited was contracted to pay corporate advisory fees of \$5,000 per month for a minimum period of twelve months. In the prior year, Chase Mining Corporation Limited was contracted to pay corporate advisory fees of \$10,000 per month for a minimum period of twelve months. Refer note 21(b) for further details.
- (iii) On 6 June 2019, the Group entered into the Bambino Purchase and Option Agreement to acquire 100% of the 34 Bambino claims in Quebec. Under the agreement the Group has to pay consideration of CND\$7,500 on or before 6 June 2020; CND\$7,500 on or before 6 June 2021; CND\$10,000 on or before 6 June 2022; and CND \$10,000 on or before 6 June 2023. If the Group does not meet these payment commitments the interest in the claims will be lost. Under the option agreement in the event of commercial production, the Group will pay 2% of net smelter returns to the Optionor. On or before June 6, 2022 the group may elect to exercise the Option early and buy out the royalty interest for consideration of \$250,000 payable with minimum \$25,000 cash and the remainder as mixture of cash and shares or within twelve months after exercising the Option, the Group may elect to buy out the royalty interest for consideration of \$500,000 payable as a mixture of cash and shares.

Notes to the financial statements for the year ended 30 June 2019

Note 23 Financial risk management

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments measured as detailed in the accounting policies to these financial statements, are as follows:

	Notes	Consolidated	
		2019	2018
		\$	\$
Financial assets			
Cash and cash equivalents		644,268	1,147,110
Investments		2,103,367	2,404,979
Trade and other receivables		116,168	61,627
Total financial assets		2,863,803	3,613,716
Financial liabilities			
Trade and other payables		24,775	12,161
Total financial liabilities		24,775	12,161

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating equivalent of that of the big 4 Australian banks is accepted.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

All financial liabilities mature within one year and are carried at their contractual cashflow value.

Notes to the financial statements for the year ended 30 June 2019

Note 23 Financial risk management (continued)

Market risk

Market risk is the risk that the change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group is not exposed to market risks other than interest rate risk and foreign currency risk.

Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the Canadian dollar may impact on the Group's financial results.

The following table shows the foreign currency risk as on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The Group did not have foreign currency risk in the prior year. There is no foreign currency risk in the books of the parent entity in the current year.

The group's exposure to foreign currency risk at the end of the reporting period was as follows:

	2019 CND \$	2018 CND \$
Trade and other receivables	11,725	-
Trade payables	6,281	-

Cash flow and fair value interest rate risk

As the Group has interest-bearing cash assets, the Company's income and operating cash flows are exposed to changes in market interest rates. The Company manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2019, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$35,521 lower/higher (2018: \$46,654), as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

The carrying value of all financial assets and financial liabilities approximate their fair value due to their short-term nature.

Notes to the financial statements for the year ended 30 June 2019

Note 24 Contingencies

Net Smelter Royalties (NSR) exist over the Lorraine tenements (2% NSR) and the Alotta tenements (2.5% NSR). There is potentially an additional 2% NSR over the Alotta tenements in existence however this is yet to be confirmed. The royalties will become payable if and when the tenements are developed from which saleable products will be produced upon which the NSR will be payable. There were no contingent liabilities in the prior year.

Note 25 Share based payments

PERFORMANCE RIGHTS

A summary of movements of all performance rights issued is as follows:

	Number
Performance rights outstanding as at 30 June 2018	6,000,000
Granted	7,500,000
Forfeited	-
Expired	-
Performance rights outstanding as at 30 June 2019	13,500,000

The key terms of the performance rights granted during the year are as follows:

Tranche	Number of Rights	Vesting conditions	Vesting date	Value per right
Tranche 1	3,750,000	VWAP is great than 7.5 cents for 10 consecutive trading days	When vesting conditions are satisfied.	\$0.02
Tranche 2	3,750,000	VWAP is greater than 10 cents for 10 consecutive trading days	When vesting conditions are satisfied.	\$0.01

The 7,500,000 performance rights noted in the table above were granted to Directors and an executive on 31 July 2018. The fair value of these performance rights was \$112,500. This value was calculated using the Monte Carlo simulation model by applying the following inputs:

	Tranche 1	Tranche 2
Grant date	31 July 2018	31 July 2018
Expiry date	31 January 2020	31 January 2020
Vesting price trigger	7.5 cents	10 cents
Volatility	91.8%	91.8%
Dividend yield	0%	0%
Risk-free interest rate	2.65%	2.65%
Fair value at grant date	\$0.02	\$0.01

Notes to the financial statements for the year ended 30 June 2019

Note 26 Asset acquisitions

On 3 October 2018, the Group acquired 100% of the shares and voting interests in Zeus Minerals Limited. This acquisition was made to extend the Group's portfolio of project areas.

Zeus Minerals Limited owns 100% of Zeus Minerals Corp and Zeus Olympus Sub Corp, two private companies incorporated in British Columbia, Canada. Zeus Olympus Sub Corp holds 100% of the mineral exploration rights over the Alotta, Delphi/Patry/Zullo, Laverlochere, and Lorraine projects consisting of, at the time of acquisition, 127 granted claims covering an area of 63.51km² (Zeus Project Area). The Project Area is prospective for nickel and copper mineralisation and is located approximately 80km south of Rouyn-Noranda, Quebec.

The details of the acquisition are as follows:

Fair value of consideration transferred	\$
Amount settled in CML shares	1,714,285
Acquisition costs	130,000
Total purchase consideration	1,844,285

The fair value of the shares consists of 35,714,269 shares issued on 11 October 2018 at a share price of \$0.05 per share.

Acquisition costs

Acquisition-related costs of \$130,000 represents fees paid to GTT Corporate Advisory for introducing the asset to the Group.

Cash acquired

The Group acquired \$216,083 cash through the Zeus acquisition.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 26 to 60 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and
- (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.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Executive Chairman and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Leon Pretorius
Executive Chairman and CEO
Brisbane, 4 September 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Chase Mining Corporation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Chase Mining Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for the acquisition of Zeus Minerals Limited

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in note 26 of the financial report, on 3 October 2018 the Group acquired 100% of the shares and voting interests in Zeus Minerals Ltd.</p> <p>The audit of the accounting for this acquisition is considered a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the transaction; and • Judgements made in determining if this was an assets acquisition or a business combination. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the transaction and assessing management's determination of whether the acquisition was a business combination or an asset acquisition; • Evaluating management's assessment of the purchase consideration; • Evaluating management's assessment of the fair value of the identifiable assets and liabilities acquired; • Assessing the disclosures related to the acquisition to ensure they are in compliance with applicable accounting standards.

Carrying value of exploration and evaluation assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to note 14 in the financial report.</p> <p>The Group carries exploration and evaluation assets totalling \$5,144,827 as at 30 June 2019 in relation to the application of the Group's accounting policy for exploration and evaluation expenditure, as set out in note 1(h).</p> <p>The carrying value of the exploration and evaluation asset is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ('AASB 6') in light of any indicators of impairment that may be present. 	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining confirmation of a sample of the Group's tenement holdings; • Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were capitalised correctly; • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects and held discussions with directors of the Group as to their intentions and strategy • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

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

Our opinion on the financial report does not cover the other information and 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 group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 21 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Chase Mining Corporation Limited, for the year ended 30 June 2019, 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.

BDO Audit Pty Ltd



A J Whyte

Director

Brisbane, 4 September 2019

Shareholder information

The shareholder information set out below was applicable as at 9 August 2019.

A Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security
	Ordinary shares
1 - 1,000	43
1,001 – 5,000	73
5,001 – 10,000	110
10,001 – 100,000	369
100,001 and over	242
	837

There were 165 holders of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares	
	Number held	% of issued shares
Dr Leon Pretorius	16,000,000	7.73%
Hustler Investments Pty Ltd	11,554,693	5.58%
Syracuse Capital Pty Ltd	9,544,929	4.61%
Southern Reaches Pty Ltd	9,534,869	4.61%
Mounts Bay Investments Pty Ltd	8,000,000	3.87%
FWMI No 2 Pty Ltd	5,744,897	2.78%
Lovell & Co Pty Ltd	5,500,000	2.66%
Jmarc Holdings Pty Ltd	4,836,475	2.34%
Wythenshawe Pty Ltd	4,100,000	1.98%
Solequest Pty Ltd	4,000,000	1.93%
Deric Banh	3,230,000	1.56%
Mr Ramon John Andrew Poli & Mrs Teresa Poli	3,113,906	1.50%
Roger Douglas Pryde Paterson	2,867,708	1.39%
Mr Terrence Peter Williamson & Ms Jonine Maree Jancey	2,750,000	1.33%
Leanda Drilling (Qld) Pty Ltd	2,645,835	1.28%
Dr Thomas Holland Whiting	2,580,039	1.25%
Warrambo Holdings Pty Ltd	2,562,500	1.24%
Mark Steven Mladenis	2,275,000	1.10%
Apheta Data Solutions Pty Ltd	2,089,222	1.01%
Nalmor Pty Ltd	2,065,614	1.00%
Total	104,995,687	50.75%

Unquoted equity securities

	Number of issue	Number of holders
Performance rights	13,500,000	5

Holders of more than 20% of unquoted performance rights on issue

	Number held	% of total on issue
GTT Global Opportunities Pty Ltd	6,000,000	44%
Leon Pretorius	4,000,000	30%

C Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Dr Leon Pretorius	16,000,000	7.73%
Hustler Investments Pty Ltd	11,554,693	5.58%

D Voting rights

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

- (a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Performance rights: No voting rights