# Investigator Resources Limited

**ABN 90 115 338 979**

## Annual Report - 30 June 2020

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|---|---|
| **Directors** | Kevin Wilson – Non-Executive Chairman (appointed Chairman 20 November 2019)<br>David Ransom – Non-Executive Director (resigned as Chairman 20 November 2019, Resigned as Non-Executive Director 14 July 2020)<br>Andrew McIlwain - Managing Director (appointed Managing Director 1 October 2019)<br>Andrew Shearer - Non-Executive Director (appointed 14 July 2020) |
| **Joint Company Secretaries** | Melanie Leydin<br>Anita Addorisio |
| **Notice of annual general meeting** | The Annual General Meeting will be held on Friday, 20 November 2020 |
| **Registered office** | 18 King Street, Norwood SA 5067 |
| **Principal place of business** | 18 King Street<br>Norwood SA 5067 |
| **Share register** | Computershare Limited<br>Level 5, 115 Grenfell Street<br>Adelaide SA 5000 |
| **Auditor** | Grant Thornton Audit Pty Ltd<br>Level 3, 170 Frome Street<br>Adelaide SA 5000 |
| **Solicitors** | Baker & McKenzie<br>L19, CBW, 181 William Street<br>Melbourne VIC 3000 |
| **Stock exchange listing** | Investigator Resources Limited shares and options are listed on the Australian Securities Exchange (ASX code: IVR and IVROA) |
| **Website** | www.investres.com.au |

**Investigator Resources Limited**
**Chairman and Managing Director's Letter**
**30 June 2020**

Dear Shareholder,

This year has seen a number of developments that have driven the focus and direction of our Company. These include the broader global economic and COVID-19 pandemic challenges, as well as the results of our continuing exploration efforts and growth objectives and, above all, the recent strong rises in the silver price.

The Company enjoys an enviable position in that the Paris Silver Project, which was discovered by and is 100%-owned by Investigator, provides significant exposure to upward movements in silver commodity prices.

It is within this context that we are pleased to report that the Company had prepared for an improvement in the silver price which has allowed us to mobilise quickly when the price trend turned positive.

The preparatory work included developing a pathway for completion of a Pre-Feasibility Study at Paris. This, in-turn, enabled us to present a plausible path forward for Paris and, with overwhelming support shown by shareholders, we raised $8 million of new equity capital in July 2020. With funding secured, we have now engaged contractors for infill drilling at the Paris resource and for exploration drilling more regionally. This will commence in early September 2020.

Our aim here is to improve the confidence in the resource of Paris. In previous programs, additional drilling has improved the project's silver grade and we are hopeful that this will again be the case. We are also seeking potential additions to Paris through targeted regional exploration.

The completion of the PFS during 2021 will provide insight into the key operating parameters of the project and the cost assumptions that will form the basis of pursuing comprehensive project economic analysis, allowing us to make decisions around future project development and finance.

As shareholders you are probably acutely aware of substantial upward movements in the price of silver, which offer a strong boost to the economic potential for the Paris Silver Project.

As a board we obviously can't predict future prices for silver other than to note the current favourable price movements and the falling head grades and COVID-19 restrictions at many operating silver mines around the worlds are constraining silver supply.

Elsewhere, in July 2019, we announced that Investigator had secured the financial support of OZ Minerals to undertake an exploration program at the Maslins Iron Oxide Copper Gold (IOCG) Project. Regarded as a significant geophysical anomaly, Maslins presented the potential to host mineralisation analogous to OZ Minerals' Carrapateena Mine, 80kms to the north. Funded by OZ Minerals, we drilled the highest ranked targets, but this ultimate test failed to demonstrate economic mineralisation.

Whilst a disappointing outcome for all stakeholders, the approach of having another party assume the funding risk of progressing the Maslins Project through an earn-in arrangement, protected Investigator's available cash position.

We have also continued to review opportunities to diversify Investigator's portfolio of assets through the acquisition of an additional project. Focus has been maintained on domestic precious metals opportunities and, while many have been considered, few have been deemed clear prospects to create significant accretive value. This challenge has increased with the rapid improvement in gold and silver prices that have generated higher expectations from vendors.

Keeping markets and shareholders informed of our progress is an essential part of our business and as a board we are very focussed on ensuring that we maintain open and timely communication. This is through a number of forums, including a regular newsletter sent to those who have registered on the "Subscribe to News" function on our website. We also encourage shareholders to take the time to read more about the detail of our work at Paris, and other projects, on the Investigator website.

We thank you sincerely for your continued interest and support of Investigator and look forward to enjoying future success with you.

| | |
|---|---|
| Kevin Wilson | Andrew McIlwain |
| Chairman | Managing Director |

## Paris Silver Project

The Company's 100% owned Paris Silver Project is located on South Australia's Eyre Peninsula, 70km northwest of the town of Kimba. The Paris Silver Project is one of the highest grade undeveloped primary silver projects in Australia. With a JORC 2012 resource of 9.3 Mt @ 139g/t Ag and 0.6% Pb for 42 Moz contained silver and 55 kt contained lead estimated in 2017, Paris is a shallow, high-grade silver deposit amenable to simple open pit mining.

| **Category** | **Tonnage** (Mt) | **Silver Grade** (g/t)c | **Contained silver** (Moz) | **Lead Grade** (%) | **Contained lead** (kt) |
|---|---|---|---|---|---|
| Indicated | 4.3 | 163 | 23 | 0.6 | 26 |
| Inferred | 5.0 | 119 | 19 | 0.6 | 29 |
| **Total** | **9.3** | **139** | **42** | **0.6** | **55** |

**Table 1**: Paris Silver Project Mineral Resource Estimates

***Note:***

- Based on 50g/t silver cut-off grade.
- Values may not sum due to rounding.
- Density: Indicated - 2.20t/m$^3$, Inferred - 2.22t/m$^3$ and Average - 2.21t/m$^3$
- The Company confirms that it is not aware of any new information or data that materially affects the Paris Silver Project Mineral Resource, since its release in April 2017.

During the first half of FY2020 the Company engaged an industry leading consulting structural geologist to undertake a review of the geological setting of Paris. This review, complemented by the in-house development of a complete structural model, identified the opportunity to further improve the Paris project's resource through targeted definition drilling and geostatistical review.

The aforementioned review and the backdrop of the rising silver prices, has drawn Directors to the potential value deliverable from successful development of the Paris Silver Project.

At year end the Company was identifying and quantifying the tasks necessary to complete the project's Pre-Feasibility Study. At PFS stage, an improved level of confidence in key operating parameters and cost assumptions enables a more comprehensive project economic analysis, leading to improved development and finance decisions.

### Drilling planned to upgrade Paris Resource

Approximately 45% of the total 9.3Mt Resource estimate is classified as Indicated and the remaining 55% as Inferred. The conceptual open pit mine design generated from the 2017 resource estimation is shown in plan in Figure 1 below.

A drill plan has been designed to convert additional Inferred Resources to Indicated status and the drill collar locations are shown as yellow dots in Figure 1 below. Historical drilling is shown as black dots.

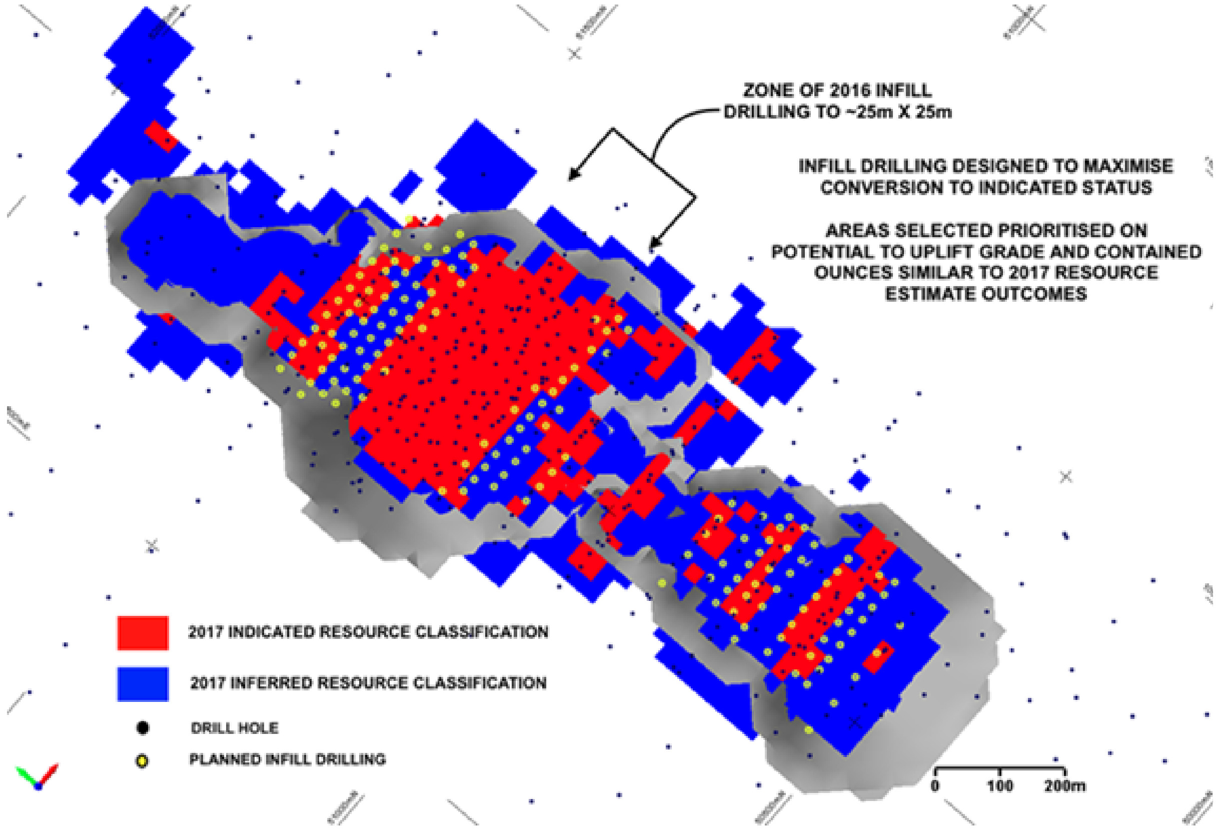


**Figure 1:** Paris Silver Project – Indicated Resource (red) and Inferred Resource (blue) – shown in plan within conceptual pit outline (grey), with planned drilling (yellow dots) and historical drilling (black dots)

**Ore processing and plant design review**

A review of the preferred proposed processing route was undertaken late in the financial year by engineering consultant Mincore. The review identified the potential to deliver incremental improvements in mineral recoveries. One area of further work proposed is to investigate whether ultra-fine grind technology can deliver enhanced silver recovery on part of the proposed feedstock.

**Next steps to complete Pre-feasibility Study**

It is intended that on completion of the proposed Paris infill drill programme, a re-estimation of the mineral resource will be undertaken. In addition, review of the previous geotechnical assessment will be completed, with an expectation that the pit wall slope angles assumed in concept studies can be steepened. This is expected to deliver lower waste to ore (strip) ratios, reducing total material movements and logically enhancing the project's economics. Both the revised resource estimate and geotechnical parameters will form inputs to the PFS open pit optimisation study, which will include mine sequencing and production scheduling.

## Maslins Iron Oxide Copper Gold Project

The Maslins Project is located in the Olympic Domain belt of the Stuart Shelf in the Gawler Craton, South Australia and presents as untested geophysical anomaly with potential to host Iron Oxide Copper Gold ("IOGC") mineralisation.

In early 2018, the Company joined with Geoscience Australia ("GA") and the Geological Survey of South Australia ("GSSA") to undertake an infill Magneto-Telluric ("MT") geophysical survey across the Maslins target area. The encouraging data from this survey, coupled with 2D and 3D modelling of acquired gravity and magnetic data, culminated in July 2019 with the ASX announcement of the execution of an Heads of Agreement with OZ Minerals Ltd in which OZ Minerals could spend up to $10 million over 6 years to earn 70% of the Maslins Project (ASX:15 July 2019).

In January 2020, Investigator commenced its 2,200m drilling program at Maslins. Maslins Hole #1 was planned to a depth of 1,000m whilst Maslins Hole #2 was targeting 1,200m.

In the March 2020 Quarter, a total of 2,499m was drilled in two holes. During the June Quarter, approximately 300m of drill core was selected for analysis. Included in the suite of elements requested to be considered, are pathfinders for Iron Oxide Copper Gold ("IOGC") mineralisation. Whilst some occurrences of copper mineralisation were identified, both within intersected dykes and within fault breccia zones, no copper assays of significance were reported.

With the 2019 preparatory geophysics and the drill program that was undertaken in the March 2020 Quarter, OZ Minerals' met their Stage 1 earn-in commitment of A$1.4 million.

Subsequent to the end of the financial year, OZ Minerals formally notified the Company they do not intend to proceed to Stage 2 of the earn-in and will withdraw from the Maslins Project. OZ Minerals have not earned any interest in the project which remains 100% owned by Investigator.

## Other Tenements

### South Australia

During the second half of the 2020FY, Investigator ceased all field operations and associated community contact, including engagement with Traditional Owner groups and remote pastoralists due to restrictions associated with the COVID-19 pandemic.

When practical travel and communication resumes, Investigator will seek to re-engage with the Wilyakali people – the Traditional Owners of the Wiawera tenement area – with the objective of achieving a mutually beneficial working relationship to ensure that all parties' interests are protected and to enable exploration activities to commence.

Exploration work plans for remaining tenements have been reviewed with a focus on the Uno-Morgans tenement areas, which are located in a similar geological setting to Paris and other Stuart Shelf licences which may have potential for sediment hosted copper mineralisation. Field work planned for later in 2020 will include initial geological mapping and soil sampling programs to determine if key project criteria are met to warrant further work.

Renewal applications for Treloars, Screechowl Creek, Algebuckina, Plumbago and Uno Range exploration licences were all submitted with the Department for Energy and Mining during the period in accordance with regulatory requirements.

At the end of the June 2020 Quarter, application was made for 2 tenement areas within the Fowler Domain within the Western Gawler area in South Australia. Recent drilling in the Fowler Domain by others (Western Areas - ASX:WSA – 23 June 2020) has identified significant nickel and copper sulphide mineralisation immediately adjacent to these application areas.

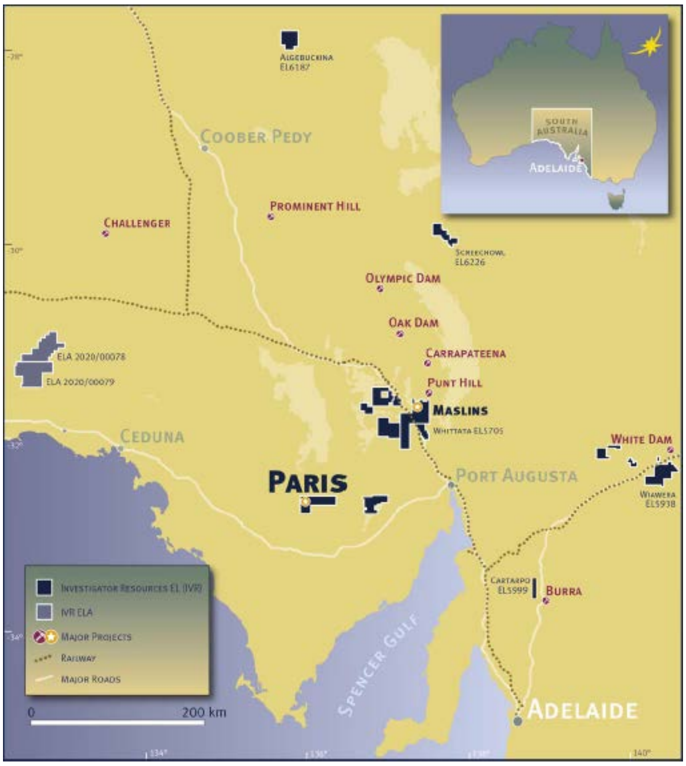


**Figure 2: Investigator's South Australian tenements**

**Tasmania – White Spur – EL2/2020**

As reported in the March 2020 Quarter, an application was submitted for an exploration licence (EL2/2020) in the highly mineral endowed Mount Read Volcanic belt of North West Tasmania. The licence was granted subsequent to the end of the quarter.

Investigator applied for the ground following the use of "machine learning" and predictive discovery tools to identify an area of interest (White Spur anomaly) in the highly mineral endowed Mount Read Volcanic belt in the North West region of Tasmania.

The "machine learning" or "neural analysis" exercise was focussed on using available data from known mineral occurrences to target the potential location of similar mineralisation. Target minerals were the base metals suite – copper, lead and zinc – and gold. In particular, the White Spur anomaly was identified as having similar characteristics to the Rosebery mine which has operated continuously from 1936, producing zinc, copper, lead and gold. Located within available ground, Investigator made application for an Exploration Licence that has subsequently been granted.

The 84km$^2$ tenement lies immediately to the south of the Rosebery and historic Hercules zinc mines and west of, and adjacent to the Henty Gold Mine that has produced approximately 1.3M oz since its commissioning in 1996.

No significant exploration effort has been undertaken on the area since 2013 when the presence of thallium, a known vector to massive sulphide mineralisation, was reported.

An initial program was prepared and field work will be undertaken subject to COVID-19 travel restrictions and site access.


**Figure 3: Investigator's "White Spur" exploration licence application (subsequently granted). The EL is held via Gillies Resources – a 100% owned IVR subsidiary and is located on the West Coast of Tasmania, south of MMG's Rosebery Mine and west of Diversified Minerals' Henty Mine.**

## Corporate

### People

On 14 October 2019 the Company announced the appointment of Andrew McIlwain as Managing Director. Andrew joined the Company as a Non-executive Director on 20 June 2018 and took on the role of Acting CEO in August 2018.

Dr David Ransom stepped down as Chairman following the Company's Annual General Meeting on 20 November 2019 and Kevin Wilson assumed the role of Chairman. Dr David Ransom resigned from the Board, subsequent to the end of the financial year.

Subsequent to the end of the financial year, Andrew Shearer, a geologist with more than 25 years' experience in various roles and capacities in the mining and finance sectors was appointed as a Non-Executive Director to the Board of Investigator. With a geology and finance background he has experience in the resources industry from exploration through to development. As a Resources Analyst, Mr Shearer has been exposed to the global resources sector covering small to mid-cap resource stocks across a broad suite of commodities. Prior to moving into the finance sector, he spent over a decade working in the minerals exploration industry in technical and senior management roles. Andrew brings strong professional skills and experiences across investor relations and capital markets.

Andrew is a currently a Non-Executive Director for Andromeda Metals (ASX:ADN) and Resolution Minerals (ASX:RML).

**Impairment**
As per AASB 6 – Exploration and Evaluation of Mineral Resources, Management have undertaken an impairment review and assessed the carrying value of the Company's exploration and evaluation assets. Management have taken a pragmatic and conservative approach in determining whether it is likely that future economic benefits will be derived from the exploration and evaluation assets. A review of the consolidated entity's exploration licenses was undertaken as at 31 December 2019. Due to the decision to relinquish the Goog's Lake exploration lease (EL5512) during the prior period and Management's assessment that exploration cost on Algebuckina tenement (EL6187) may not be recoverable, the related exploration and evaluation assets have been written off as a part of the impairment charge of $106,698.

In a review of the carrying value of the assets of the Company, the Directors have concluded that historical exploration expenditure on tenements that have not yet yielded a JORC compliant resource is to be written off.

Following their review of the accounts for the 2019/2020 Financial Year, the Directors resolved to impair approximately $13 million of the total Exploration and Evaluation value carried forward at 30 June 2020.

The remaining balance of approximately $17 million of Exploration and Evaluation is entirely attributable to the Company's 100% owned Paris Silver Project.

The Directors consider that this approach is both a prudent and conservative approach to managing the Company's balance sheet.

**Reduction in overhead costs**
Recognising the challenging market environment that currently prevails, the Investigator board adopted a strategy to minimise cash expenditures in order to maximise available cash for future commercial opportunities.

In doing so, the following actions were adopted during the 2019/2020 Financial Year:

- Minimising exploration expenditures across all South Australian exploration tenements, reflective of the "expenditure holiday" granted by the South Australian Government;
- Deferral of payment of statutory rents on all South Australian tenements until 31 December 2020 - in line with the relief granted by the South Australian Government;
- Reduction of Director fees and employee salaries by 20%; and
- Curtailment of discretionary expenditures.

The Directors are confident that these strategies will hold Investigator's finances in good stead through 2020.

**Cash**
The Company had $2.50 million cash at bank as at 30 June 2020.

**JMEI credits**
Post the financial year, the Company received notification from the Australian Taxation Office ("ATO") of its successful application to participate in the Junior Minerals Exploration Incentive ("JMEI") to a total of $260,000.

The JMEI scheme enables eligible exploration companies to create refundable tax credits to distribute to eligible shareholders by forgoing a portion of their carried forward tax losses that have arisen from allow-able expenditure on "greenfield" exploration and applies to Shareholders who acquire new shares through a share placement undertaken by the Company. Australian resident shareholders that are issued with JMEI credits will generally be entitled to refundable tax offsets (for individual shareholders or superannuation funds) or franking credits (for companies).

**Other**
Subsequent to the end of the financial year on 30 July 2020, the Company announced that it had received firm commitments to raise $8 million through a share placement, with funds raised to be directed to the advancement of the Company's owned Paris Silver Project.

The share issue was undertaken in a two-tranche placement of approximately 266.7 million fully paid ordinary shares in the Company at an issue price of $0.03 per share, raising $8 million (before costs).

## Competent Persons Statement

The information in this Annual Report that relates to exploration results is based on information compiled by Mr. Jason Murray who is a full-time employee of the company. Mr. Murray is a member of the Australasian Institute of Mining and Metallurgy. Mr. Murray has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Murray consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

## Forward Looking Statements

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

**Investigator Resources Limited**
**Tenement Schedule**
**30 June 2020**

## Corporate disclosure and reporting

The status of Investigator's tenements are detailed in the table below.

| Tenement Number | Tenement Name | Registered Holder | Note |
|---|---|---|---|
| **Project: Peterlumbo (IVR 100%)** | | | |
| 6347 | Peterlumbo | Sunthe | Current |
| **Project: Uno/Morgans (IVR 100%)** | | | |
| 5845 | Uno Range | GRL | Renewal applied for |
| 5933 | Morgans | GRL | Current |
| 5913 | Harris Bluff | GRL | Current |
| **Project: Tasmania (IVR 100%)** | | | |
| E2/2020 | White Spur | GIL | Current |
| **Project: Maslins (IVR 100%)** | | | |
| 5704 | Yalymboo-Oakden Hills | GRL | Current |
| 5705 | Whittata (Maslins) | GRL | Current |
| 5706 | Yudnapinna | GRL | Current |
| 5738 | Birthday | GRL | Current |
| 6402 | Kootaberra | GRL | Current |
| **Project: Curnamona (IVR 100%)** | | | |
| 5938 | Wiawera | GRL | Current |
| 6192 | Plumbago | GRL | Renewal applied for |
| 6345 | Treloars | GRL | Renewal applied for |
| 6253 | Olary/Bulloo Creek | GRL | Current |
| **Project: Adelaide Geosyncline (IVR 100%)** | | | |
| 5999 | Cartarpo | GRL | Current |
| 6226 | Screechowl Creek | GRL | Renewal applied for |
| **Project: Northern Craton (IVR 100%)** | | | |
| 6187 | Algebuckina | GRL | Renewal applied for |
| **Total Granted Project Tenement Area** | | | |
| **Applications** | | | |
| ELA 2020/78 | TBA | GRL | Application |
| ELA 2020/79 | TBA | GRL | Application |

Notes:

Sunthe - Sunthe Uranium Pty Ltd, a wholly owned subsidiary of Investigator Resources Ltd
GRL - Gawler Resources Pty Ltd, a wholly owned subsidiary of Investigator Resources Ltd
GIL - Gillies Resources Pty Ltd, a wholly owned subsidiary of Investigator Resources Ltd
IVR- Investigator Resources Ltd

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Investigator Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

## Directors

The following persons were Directors of Investigator Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

| | |
|---|---|
| Kevin Wilson | Non-Executive Chairman (appointed as Chairman 20 November 2019) |
| David Ransom | Non-Executive Director (resigned as Chairman 20 November 2019, Resigned as Non-Executive Director 14 July 2020) |
| Andrew McIlwain | Managing Director (appointed as Managing Director 1 October 2019) |
| Andrew Shearer | Non-Executive Director (appointed 14 July 2020) |

## Principal activities

The principal activity of the Company during the year was base mineral exploration within Australia.

## Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Review of operations

The loss for the consolidated entity after providing for income tax amounted to $14,014,569 (30 June 2019: $2,868,319).

The net result for the year includes receipt of the management fee associated with the Maslins Project of $79,277 and an impairment charge of $13,160,787 associated with exploration and evaluation assets.

During the year, the Company incurred $659,050 expenditure on exploration activities across the Company’s tenements, compared with $907,442 for the prior year.

At 30 June 2020, the Company had a cash position of $2,500,090 (2019: $1,204,981).

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

## Matters subsequent to the end of the financial year

14 July 2020, Dr David Ransom resigned as Non-executive Director and Mr Andrew Shearer was appointed as the Non-Executive Director.

On 13 August 2020 Mr Shearer was issued 2,000,000 unlisted options as part of his sign-on package, exercisable at $0.035 with an expiry of 20 November 2022.

As announced by the company on 21 July 2020, under the terms of the Earn-In Agreement, OZ Minerals formally notified the Company that they would not commit to Stage 2 of the Agreement.

On 30 July 2020, the Company announced it had undertaken a Placement of ordinary shares to professional and sophisticated investors raising $8 million (excluding costs) in two tranches to be used towards the development of the Paris Silver Project and general working capital. The Placement was in two tranches of which the Company received $5.5 million under Tranche 1 on 6 August 2020. A further $2.5 million under Tranche 2 is subject to a shareholder’s approval at a General Meeting to be held on 23 September 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Likely developments and expected results of operations

During the next financial year, the Company will pursue the strategy set out in the Review of Operations above.

On 18 August 2020, the Company advised that the drill preparations for the Paris Silver Project are well advanced and will be the Company's main focus for the coming year.

The COVID-19 global pandemic presents strategic, operational and commercial uncertainties for the Company. There are increased uncertainties around the duration, scale and impact of the COVID-19 outbreak. The Company is taking various measures to mitigate the impact on its operations including employees, partners and customers. The Board and management team continue to assess the potential impacts on the business, however given the continued uncertainties the future financial impact, if any, cannot be determined.

## Environmental regulation

The Company's operations are subject to significant environmental regulation under Commonwealth and, State legislation in relation to the discharge of hazardous waste and minerals arising from exploration activities conducted by the Company in any of its tenements. At the date of this report there have been no known breaches of any environmental obligation.

## Information on Directors

| | |
|---|---|
| **Name:** | Kevin Wilson |
| **Title:** | Non-Executive Chairman |
| **Qualifications:** | BSc (Hons), ARSM, MBA |
| **Experience and expertise:** | Kevin has over 30 years' knowledge and experience in the minerals and finance industries. Previously Kevin was the Managing Director of Rey Resources Limited (ASX: REY), an Australian energy exploration company, from 2008 to 2016 and Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering through to its sale in 2006.<br><br>He has prior experience as a geologist with the Anglo American Group in Africa and North America and as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA. Mr Wilson currently serves as Non-Executive Chairman of Navarre Minerals Limited (ASX: NML) and Non-Executive Director of Los Cerros Limited (ASX: LCL). |
| **Other current directorships:** | Navarre Minerals Limited (ASX: NML) and Los Cerros Limited (ASX: LCL) |
| **Former directorships (last 3 years):** | None |
| **Special responsibilities:** | None. |
| **Interests in shares:** | Nil |
| **Interests in options:** | 2,000,000 (unlisted) |

| | |
|---|---|
| **Name:** | Andrew McIlwain |
| **Title:** | Managing Director |
| **Qualifications:** | BE (Mining) Melb, MAusIMM, MAICD |
| **Experience and expertise:** | Andrew has over 30 years' experience in the mining industry. He is a qualified mining engineer and has held operational, technical, senior management and executive roles within Mount Isa Mines Limited, Central Norseman Gold Corp, WMC Resources, Lafayette Mining and Unity Mining. More recently, he has been an independent consultant for a number of Australian resource companies focusing on corporate transactions and has acted as an independent Non-Executive Director of numerous resource companies including Kidman Resources and Tusker Gold.<br><br>Andrew brings operational and corporate experience in a variety of fields including establishment of operational sustainability, project development and both equity and conventional debt financing. Andrew is Non-Executive Chairman of Emmerson Resources Ltd (ASX: ERM). |
| **Other current directorships:** | Emmerson Resources Ltd (ASX: ERM). |
| **Former directorships (last 3 years):** | None |
| **Interests in shares:** | 1,100,000 |
| **Interests in options:** | 10,000,000 (unlisted), 15,000,000 (Performance Rights) |

| | |
|---|---|
| **Name:** | Andrew Shearer |
| **Title:** | Non-Executive Director |
| **Qualifications:** | BSc and MBA |
| **Experience and expertise:** | Andrew holds a BSc (Hons) degree from Adelaide University and an MBA from the University of South Australia and has been involved in the mining and finance industries for more than 25 years. Most recently, Andrew held the position of Senior Resource Analyst with PAC Partners Pty Ltd and previously with Phillip Capital, and Austock. Establishing his career in the industry, Andrew held technical and senior management roles with Mount Isa Mines Limited, Glengarry Resources Limited and the South Australian Government. As an analyst, Andrew covered small to mid-cap resource stocks across a broad suite of commodities and brings a breadth of experience in equity research, investor relations, valuations, supply and demand analysis and capital markets. |
| **Other current directorships:** | Non-Executive Director for Andromeda Metals (ASX:ADN), Resolution Minerals (ASX:RML) and Okapi Resources Limited (ASX:OKR) |
| **Former directorships (last 3 years):** | Nil |
| **Interests in shares:** | Nil |
| **Interests in options:** | 2,000,000 (unlisted) |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## Company secretaries

**Ms Melanie Leydin**

Ms Leydin is a Chartered Accountant and the founding director of Leydin Freyer, an independent firm specialising in company secretarial and accounting services for ASX listed companies, with over 25 years' experience in the accounting profession and over 13 years' experience as a Company Secretary for ASX listed companies.

**Anita Addorisio**

Ms Addorisio is an experienced finance professional with over 20 years' senior finance experience and 7 years' experience as a Company Secretary for ASX listed companies within several industry sectors including resources. She is a Fellow of CPA and holds a Masters in Accounting.

## Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

| | Full Board | |
|---|---|---|
| | **Attended** | **Held*** |
| D. Ransom | 14 | 14 |
| K. Wilson | 14 | 14 |
| A. McIlwain | 14 | 14 |

* Held: represents the number of meetings held during the time the director held office.

Due to its size and activities the Company does not have separate Board committees

## Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive director’s remuneration*
Fees and payments to Non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 18 November 2013, where the shareholders approved a maximum annual aggregate remuneration of $500,000.

*Executive remuneration*
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The Executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the Executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') are payable to Executives based upon the attainment of agreed corporate and individual milestones and are reviewed and approved by the Board of Directors. During the year, no STI were paid to the Executives.

The long-term incentives ('LTI') include long service leave and share-based payments. Executives are issued with equity instruments as LTIs in a manner that aligns this element of remuneration with the creation of shareholder wealth. LTI grants are made to Executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the creation of shareholder wealth. During the year, the company issued 10,000,000 Options and 15,000,000 Performance Rights to Andrew McIlwain and 2,000,000 Options to Kevin Wilson on 13 December 2019 which was approved by shareholders at the Annual General Meeting held on 20 November 2019.

*Consolidated entity performance and link to remuneration*
The Company is a minerals exploration entity and as such there is no direct relationship between the remuneration policy and the Company's financial performance.

Share prices at the end of the current financial year and the previous four financial years were:

| | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|
| Share price (cents per share) | 1.7 | 1.1 | 1.1 | 3.0 | 3.4 |

Share prices are recognised to be subject to numerous factors including market sentiment and the international metal prices which may move independently of the performance of the Key Management Personnel.

*Use of remuneration consultants*
During the financial year ended 30 June 2020, the consolidated entity has not engaged any remuneration consultants.

*Voting and comments made at the company's 20 November 2019 Annual General Meeting ('AGM')*
At the 20 November 2019 AGM, 94.11% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

*Amounts of remuneration*
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **30 June 2020** | **Cash salary and fees $** | **Cash bonus $** | **Termination payment $** | **Super-annuation $** | **Long service leave $** | **Equity-settled $** | **Total $** |
| *Non-Executive Directors:* | | | | | | | |
| D. Ransom* | 57,192 | - | - | 5,433 | - | - | 62,625 |
| K. Wilson | 57,915 | - | - | 5,502 | - | 14,000 | 77,417 |
| *Executive Directors:* | | | | | | | |
| A. McIlwain** | 204,087 | - | - | 19,388 | - | 90,043 | 313,518 |
| *Other Key Management personnel:* | | | | | | | |
| A. McIlwain | 42,500 | - | - | - | - | - | 42,500 |
| | **361,694** | **-** | **-** | **30,323** | **-** | **104,043** | **496,060** |

* Subsequent to year end, D. Ransom resigned as Non-Executive Director effective from 14 July 2020.
** A. McIlwain was appointed as Managing Director effective from 1 October 2019.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **30 June 2019** | **Cash salary and fees $** | **Cash bonus $** | **Termination payment $** | **Super-annuation $** | **Long service leave $** | **Equity-settled $** | **Total $** |
| *Non-Executive Directors:* | | | | | | | |
| D. Ransom | 59,361 | - | - | 5,639 | - | - | 65,000 |
| K. Wilson | 54,795 | - | - | 5,205 | - | - | 60,000 |
| *Executive Directors:* | | | | | | | |
| A. McIlwain* | 29,072 | - | - | 2,762 | - | - | 31,834 |
| J. Anderson** | 107,019 | - | 137,812 | 31,008 | 75,797 | - | 351,636 |
| *Other Key Management Personnel:* | | | | | | | |
| A. McIlwain* | 122,500 | - | - | - | - | - | 122,500 |
| A. Thin*** | 83,881 | - | - | 7,137 | - | - | 91,018 |
| M. Gaudio*** | 60,000 | - | - | - | - | - | 60,000 |
| | **516,628** | **-** | **137,812** | **51,751** | **75,797** | **-** | **781,988** |

* A McIlwain was appointed as Acting Chief Executive Officer from 16 August 2018. The cash salary of $122,500 above for the year ended 30 June 2019 is towards A McIlwain's role as Acting Chief Executive Officer.
** J.Anderson resigned as the Manager Director on 16 August 2018.
*** (i) A.Thin resigned as the commercial manager effective from 16 November 2018.
(ii) M. Gaudio resigned as the Company Secretary and Chief Financial Officer effective from 31 December 2018.

***Service agreements***
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Andrew McIlwain |
| Title: | Managing Director |
| Agreement commenced: | 1 October 2019 |
| Term of agreement: | Base salary of $275,000* per annum plus statutory superannuation and annual short-term incentives that include up to 50% of Annual Salary structured with the quantum to be assessed in accordance with KPI's to be agreed by the Board and the Managing Director and 10,000,000 share options that vest against achievement of certain KPI's. Long term incentives of 15 million Performance Rights in 3 tranches to vest against service, performance and share price conditions over 3 years.<br><br>* Andrew McIlwain's salary was voluntarily reduced to $200,000 for a period during FY2019/20 due to prevailing challenges. |
| Notice Period | Notice period of 3 months. |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

***Share-based compensation***

*Issue of shares*
There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

*Options*
The company issued 10,000,000 Options and 15,000,000 Performance Rights to Andrew McIlwain and 2,000,000 Options to Kevin Wilson on 13 December 2019 which were approved by shareholders at the Annual General Meeting held on 20 November 2019.

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2020.

***Additional disclosures relating to key management personnel***

*Shareholding*
The number of shares in the company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | **Balance at the start of the year** | **Received as part of remuneration** | **Additions** | **Disposals/ other** | **Balance at the end of the year** |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| D. Ransom* | 1,125,375 | - | - | - | 1,125,375 |
| K. Wilson | - | - | - | - | - |
| A. McIlwain** | - | - | 1,100,000 | - | 1,100,000 |
| | **1,125,375** | **-** | **1,100,000** | **-** | **2,225,375** |

* Subsequent to year end D. Ransom resigned as Non-Executive Director effective 14 July 2020.
** 1.1 million shares were acquired through an on-market purchase.

*Option holding*

The number of options over ordinary shares in the company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| D. Ransom | 3,075,375 | - | - | (2,500,000) | 575,375 |
| A. McIlwain* | - | 10,000,000 | - | - | 10,000,000 |
| K. Wilson* | - | 2,000,000 | - | - | 2,000,000 |
| | **3,075,375** | **12,000,000** | **-** | **(2,500,000)** | **12,575,375** |

* Approved by shareholders at the Annual General Meeting held on 20 November 2019.

***This concludes the remuneration report, which has been audited.***

## Shares under option

Unissued ordinary shares of Investigator Resources Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 7 December 2017* | 31 December 2020 | $0.035 | 158,911,188 |
| 28 February 2019* | 31 December 2020 | $0.035 | 1,363,636 |
| 5 September 2019* | 31 December 2020 | $0.035 | 37,152,822 |
| 14 October 2019* | 31 December 2020 | $0.035 | 4,666,683 |
| 20 November 2019** | 20 November 2022 | $0.035 | 22,000,000 |
| 13 August 2020*** | 20 November 2022 | $0.035 | 2,000,000 |
| | | | 226,094,329 |

* Listed options
** Unlisted options
*** Unlisted options issued to Mr A. Shearer on 13 August 2020 as part of his sign-on package as Non-Executive Director.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

## Shares issued on the exercise of options

The following ordinary shares of Investigator Resources Limited were issued during the year ended 30 June 2020 and up to the date of this report on the exercise of listed options granted:

| Date options granted | Exercise price | Number of shares issued |
|---|---|---|
| 7 December 2017 | $0.035 | 1,749,038 |

## Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## 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.

## Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 29 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

## Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Kevin Wilson
Chairman

3 September 2020

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

**T** +61 8 8372 6666

# Auditor's Independence Declaration

## To the Directors of Investigator Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Investigator Resources Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 03 September 2020

**Investigator Resources Limited**
**Statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2020**

| | Note | Consolidated 30 June 2020 $ | Consolidated 30 June 2019 $ |
|---|---|---|---|
| **Revenue** | | | |
| Research and development incentive | | - | 23,572 |
| Management fee from joint operations | | 79,277 | - |
| | | 79,277 | 23,572 |
| Other income | 6 | 50,000 | 24,182 |
| Interest income | | 42,728 | 44,443 |
| **Expenses** | | | |
| Employee benefit expenses | 7 | (390,967) | (433,545) |
| Other expenses | 8 | (634,820) | (729,189) |
| Exploration and evaluation expenses written off | | (13,160,787) | (1,797,782) |
| **Loss before income tax expense** | | (14,014,569) | (2,868,319) |
| Income tax expense | 9 | - | - |
| **Loss after income tax expense for the year attributable to the owners of Investigator Resources Limited** | 25 | (14,014,569) | (2,868,319) |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive loss for the year attributable to the owners of Investigator Resources Limited** | | (14,014,569) | (2,868,319) |
| | | **Cents** | **Cents** |
| Basic loss per share | 37 | (1.70) | (0.39) |
| Diluted earnings per loss | 37 | (1.70) | (0.39) |

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

**Investigator Resources Limited**
**Statement of financial position**
**As at 30 June 2020**

| | Note | Consolidated 30 June 2020 $ | 30 June 2019 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | 2,500,090 | 1,204,981 |
| Trade and other receivables | 11 | 8,770 | 18,451 |
| Inventories | 12 | 1,577 | - |
| Other assets | 13 | 42,726 | 37,007 |
| Total current assets | | 2,553,163 | 1,260,439 |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | 668 | 2,722 |
| Right-of-use assets | 15 | 113,137 | - |
| Exploration and evaluation | 16 | 17,198,899 | 29,700,636 |
| Other assets | 17 | 24,202 | 24,202 |
| Total non-current assets | | 17,336,906 | 29,727,560 |
| **Total assets** | | 19,890,069 | 30,987,999 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 18 | 147,667 | 117,669 |
| Lease liabilities | 19 | 89,219 | - |
| Provisions | 20 | 200,749 | 176,537 |
| Joint operation contribution received in advance | 21 | 238,810 | - |
| Total current liabilities | | 676,445 | 294,206 |
| **Non-current liabilities** | | | |
| Lease liabilities | 22 | 22,758 | - |
| Total non-current liabilities | | 22,758 | - |
| **Total liabilities** | | 699,203 | 294,206 |
| **Net assets** | | 19,190,866 | 30,693,793 |
| **Equity** | | | |
| Issued capital | 23 | 55,348,547 | 53,070,322 |
| Reserves | 24 | 403,642 | 243,519 |
| Accumulated losses | 25 | (36,561,323) | (22,620,048) |
| **Total equity** | | 19,190,866 | 30,693,793 |

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

**Investigator Resources Limited**
**Statement of changes in equity**
**For the year ended 30 June 2020**

| Consolidated | Issued capital $ | Share Based Payment Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2018 | 53,070,322 | 243,519 | (19,751,729) | 33,562,112 |
| Loss after income tax expense for the year | - | - | (2,868,319) | (2,868,319) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive loss for the year | - | - | (2,868,319) | (2,868,319) |
| Balance at 30 June 2019 | 53,070,322 | 243,519 | (22,620,048) | 30,693,793 |

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2019 | 53,070,322 | 243,519 | (22,620,048) | 30,693,793 |
| Loss after income tax expense for the year | - | - | (14,014,569) | (14,014,569) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive loss for the year | - | - | (14,014,569) | (14,014,569) |
| Shares issued | 2,536,662 | - | - | 2,536,662 |
| Share issue cost | (258,437) | - | - | (258,437) |
| Options issued to Fundraising Manager | - | 59,375 | - | 59,375 |
| Options issued to KMP and employees | - | 100,277 | - | 100,277 |
| Performance rights granted | - | 73,765 | - | 73,765 |
| Lapse of Options | - | (73,294) | 73,294 | - |
| Balance at 30 June 2020 | 55,348,547 | 403,642 | (36,561,323) | 19,190,866 |

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

**Investigator Resources Limited**
**Statement of cash flows**
**For the year ended 30 June 2020**

| | Note | Consolidated 30 June 2020 $ | Consolidated 30 June 2019 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (835,692) | (1,421,276) |
| Interest received | | 53,248 | 48,643 |
| Research and development tax incentive refund | | - | 657,958 |
| Management fees received | | 79,277 | - |
| COVID-19 incentives received | | 50,000 | - |
| Net cash used in operating activities | 36 | (653,167) | (714,675) |
| **Cash flows from investing activities** | | | |
| Exploration expenditure | | (1,798,633) | (996,005) |
| Joint Venture contribution received | | 1,409,309 | - |
| Proceeds from disposal of property, plant and equipment | | - | 25,909 |
| Net cash used in investing activities | | (389,324) | (970,096) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 23 | 2,536,662 | - |
| Share issue transaction costs | | (199,062) | - |
| Net cash from financing activities | | 2,337,600 | - |
| Net increase/(decrease) in cash and cash equivalents | | 1,295,109 | (1,684,771) |
| Cash and cash equivalents at the beginning of the financial year | | 1,204,981 | 2,889,752 |
| Cash and cash equivalents at the end of the financial year | 10 | 2,500,090 | 1,204,981 |

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

## Note 1. General information

The financial statements cover Investigator Resources Limited as a consolidated entity consisting of Investigator Resources Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Investigator Resources Limited's functional and presentation currency.

Investigator Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

| **Registered office** | **Principal place of business** |
|---|---|
| 18 King Street, Norwood SA 5067 | 18 King Street, Norwood SA 5067 |

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 3 September 2020. The Directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 16 Leases*

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Refer to Note 4 for the impact on the adoption of AASB 16.

**Basis of preparation**
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

**Note 2. Significant accounting policies (continued)**

*Historical cost convention*
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*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 consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

**Going Concern**
These financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. This includes the realisation of capitalised exploration expenditure of $17,198,899 (30 June 2019: $29,700,636).

The consolidated group has incurred a net loss after tax for the year ended 30 June 2020 of $14,014,569 (30 June 2019: $2,868,319) and operations were funded by a net cash outflow, from operating and investing activities of $1,042,491 (30 June 2019: net cash outflow of $1,684,771). At 30 June 2020, the consolidated group had net current assets of $1,876,718 (June 2019: net current assets of $966,233).

The consolidated group’s ability to continue as a going concern is contingent on raising additional capital and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development. The Company undertook a Placement and Share Purchase Plan during the period which successfully raised $2.5 million (excluding costs). Subsequent to year end, the Company undertook a Placement of ordinary shares to professional and sophisticated investors raising a further $8 million (excluding costs) under two tranches to focus on the development of the Paris Silver Project. The Placement is taking place in two tranches of which $5.5 million was received under Tranche 1 and $2.5 million under Tranche 2 is subject to a Shareholder’s approval at a General Meeting to be held on 23 September 2020.

Based on the above management do not believe there is a material uncertainty in relation to going concern.

**Parent entity information**
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 32.

**Principles of consolidation**
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Investigator Resources Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Investigator Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

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.

**Note 2. Significant accounting policies (continued)**

Where the consolidated entity 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 consolidated entity 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.

**Functional and presentation currency**
The financial statements are presented in Australian dollars, which is Investigator Resources Limited's functional and presentation currency.

**Revenue recognition**
The consolidated entity recognises revenue as follows:

*Rendering of services*
Revenue from a contract to provide management services is recognised over time as the services are rendered based on either fixed price or an hourly rate.

*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.

**Restoration Costs**
Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the exploration and mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on a discounted basis

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

**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.

## Note 2. Significant accounting policies (continued)

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.

### Current and non-current classification
Assets and liabilities are presented in the statement of financial position 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 the consolidated entity's 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 the consolidated entity's 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.

### Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

### Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### 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 statement of financial position.

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.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Share-based payment transactions*
The consolidated entity 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 Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Employee benefits provision*
As discussed in Note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Exploration and evaluation costs*
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will 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. 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.

## Note 3. Critical accounting judgements, estimates and assumptions (continued)

*Lease term*
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

*Incremental borrowing rate*
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## Note 4. Impact on application on AASB 16

The consolidated entity has adopted AASB 16 using the modified retrospective approach whereby the consolidated entity has recognised the cumulative effect of initially applying this standard as an adjustment to the opening balance of equity as at 1 July 2019. Accordingly, the consolidated entity has not restated comparative balances in this set of financial statements.

On adoption of AASB 16, the consolidated entity recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 7.5%. The associated right-of-use assets for these leases were measured on a retrospective basis as if AASB 16 had always been applied, with the incremental borrowing rate applied as at each lease’s commencement date and the assets depreciated on a straight-line basis over the term of the lease. The provisions recognised in respect of onerous lease contracts were netted off against the associated right-of-use assets at the date of transition. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

| | **Consolidated** |
|---|---|
| Operating lease commitments as at 1 July 2019 (AASB 117) | 148,415 |
| Operating lease excluded from capitalisation | (1,295) |
| Operating lease commitments discount based on the weighted average incremental borrowing rate of 7.5% (AASB 16) | (15,068) |
| Right-of-use assets (AASB 16) | 132,052 |
| | |
| Lease liabilities - current (AASB 16) on 1 July 2019 | (132.052) |
| Total lease liabilities on the date of transition on 1 July 2019 | (132,052) |
| | |
| Impact on opening accumulated losses as at 1 July 2019 | - |

*Right-of-use assets*
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

## Note 4. Impact on application on AASB 16 (continued)

*Lease Liabilities*
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; the lease term; and certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Note 5. Operating segments

*Identification of reportable operating segments*
The consolidated entity 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 consolidated entity operates in a single operating segment: that of the mineral exploration industry in Australia.

## Note 6. Other income

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Net gain on disposal of property, plant and equipment | - | 24,182 |
| COVID-19 incentive- government cashflow boost | 50,000 | - |
| Other income | 50,000 | 24,182 |

## Note 7. Employee benefit expenses

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Benefits provided to employees | 737,223 | 943,412 |
| Charged to exploration and evaluation expenses | (520,299) | (509,867) |
| Share based employee expense | 174,043 | - |
| | 390,967 | 433,545 |

## Note 8. Other expenses

| | Consolidated 30 June 2020 $ | Consolidated 30 June 2019 $ |
|---|---|---|
| Audit fees | 37,461 | 39,780 |
| Other professional services paid to related entities of the auditor | 7,300 | 12,700 |
| Company secretarial fees | 48,000 | 88,000 |
| Depreciation | 15,822 | 2,617 |
| Directors fees | 153,475 | 155,001 |
| Insurance and legal | 50,862 | 64,038 |
| Minimum lease rental payment | 2,270 | 16,680 |
| Shareholders communications | 95,668 | 65,164 |
| Office expenses | 225,607 | 232,157 |
| Other expenses | 141,821 | 198,734 |
| Expenditure allocated to exploration and evaluation projects | (143,466) | (145,682) |
| | 634,820 | 729,189 |

## Note 9. Income tax expense

| | Consolidated 30 June 2020 $ | Consolidated 30 June 2019 $ |
|---|---|---|
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| Loss before income tax expense | (14,014,569) | (2,868,319) |
| Tax at the statutory tax rate of 27.5% | (3,854,006) | (788,788) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Adjustment for non-deductible expenses | 48,018 | 357 |
| | (3,805,988) | (788,431) |
| Deductible capital raising costs | (46,699) | (36,429) |
| Allowable exploration and evaluation expenditure | (181,239) | (249,547) |
| Prior period exploration and evaluation expenses written off | 3,619,216 | 494,391 |
| Net non-allowable expenses | (5,840) | (61,669) |
| Research and development incentive | - | (6,482) |
| Reduction of losses in prior periods | - | 415,951 |
| Application of AASB 16 Lease standard | (1,002) | - |
| Tax effect of deferred tax assets not brought to account as they do not meet the recognition criteria | 421,552 | 232,216 |
| Income tax expense | - | - |

| | Consolidated 30 June 2020 $ | Consolidated 30 June 2019 $ |
|---|---|---|
| *Tax losses not recognised* | | |
| Unused tax losses for which no deferred tax asset has been recognised | (52,520,939) | (50,978,023) |
| Potential tax benefit @ 27.5% | (14,443,258) | (14,018,956) |

## Note 9. Income tax expense (continued)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

## Note 10. Current assets - cash and cash equivalents

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Cash at bank | 2,500,090 | 34,981 |
| Cash on deposit | - | 1,170,000 |
| | 2,500,090 | 1,204,981 |

At balance date, the Company has a business credit card facility with a limit of $50,000. Credit card transactions are reconciled monthly and credit card balances payable are included in trade and other payables.

The cash and cash equivalents as 30 June 2020 disclosed above and in the statement of cash flows include $238,810 (2019:nil) which was received as joint operation contribution from OZ Minerals and restricted to be used for the Maslins project located on EL 5705 and are therefore not available for general use within the group.

*Accounting policy for 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.

## Note 11. Current assets - trade and other receivables

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Other receivables | 8,770 | 18,451 |

*Accounting policy for trade and other receivables*
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Note 12. Current assets - inventories

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Diesel fuel | 1,577 | - |

*Accounting policy for inventories*
Inventories is stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Note 13. Current assets - other assets

| | Consolidated 30 June 2020 $ | Consolidated 30 June 2019 $ |
|---|---|---|
| Insurance prepayments | 42,726 | 37,007 |

## Note 14. Non-current assets - property, plant and equipment

| | Consolidated 30 June 2020 $ | Consolidated 30 June 2019 $ |
|---|---|---|
| Plant and equipment - at cost | 512,225 | 512,225 |
| Less: Accumulated depreciation | (511,557) | (509,503) |
| | 668 | 2,722 |

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Consolidated** | **$** |
|---|---|
| Balance at 1 July 2018 | 7,066 |
| Disposals | (1,727) |
| Depreciation expense | (2,617) |
| | |
| Balance at 30 June 2019 | 2,722 |
| Depreciation expense | (2,054) |
| | |
| Balance at 30 June 2020 | 668 |

*Accounting policy for property, 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 property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Plant and equipment | 1- 5 years |

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

## Note 15. Non-current assets - right-of-use assets

| | Consolidated | |
|---|---|---|
| | **30 June 2020 $** | **30 June 2019 $** |
| Office premises - right-of-use | 113,137 | - |

*Accounting policy for right-of-use assets*
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## Note 16. Non-current assets - exploration and evaluation

| | Consolidated | |
|---|---|---|
| | **30 June 2020 $** | **30 June 2019 $** |
| Exploration and evaluation Asset - at carrying value | 17,198,899 | 29,700,636 |

| | $ | $ |
|---|---|---|
| Opening balance - at carrying value | 29,700,636 | 30,590,976 |
| Capitalised exploration expenditure | 659,050 | 907,442 |
| Impairment | (13,160,787) | (1,797,782) |
| | 17,198,899 | 29,700,636 |

A review of the consolidated entity's exploration licenses was undertaken as at 30 June 2020 and management's assessment was that exploration costs incurred on all exploration tenements/assets with the exception of the Paris Silver Project (Peterlumbo Tenement) will be impaired due to not being recoverable from development or sale. The related exploration and evaluation assets have been written off which resulted in an impairment charge of $13,160,787.

*Accounting policy for exploration and evaluation assets*
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

## Note 17. Non-current assets - other assets

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Security deposits | 24,202 | 24,202 |

Security deposits are held towards tenement applications and rental bond.

## Note 18. Current liabilities - trade and other payables

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Trade payables | 126,718 | 96,028 |
| Sundry payables | 20,949 | 21,641 |
| | 147,667 | 117,669 |

Refer to Note 27 for further information on financial instruments.

*Accounting policy for trade and other payables*
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## Note 19. Current liabilities - lease liabilities

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Lease liability | 89,219 | - |

Refer to note 27 for further information on financial instruments.

## Note 20. Current liabilities - provisions

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Annual leave | 116,256 | 98,490 |
| Long service leave | 84,493 | 78,047 |
| | 200,749 | 176,537 |

## Note 20. Current liabilities - provisions (continued)

*Accounting policy for 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 wholly 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 annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Note 21. Current liabilities - Joint operation contribution received in advance

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Joint operation contribution received in advance | 238,810 | - |

Refer to Note 34 for the details on the interests in joint operations and Farm-in Arrangements.

## Note 22. Non-current liabilities - lease liabilities

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Lease liability | 22,758 | - |

Refer to Note 27 for further information on financial instruments.

*Accounting policy for lease liabilities*
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Note 23. Equity - issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | **30 June 2020 Shares** | **30 June 2019 Shares** | **30 June 2020 $** | **30 June 2019 $** |
| Ordinary shares - fully paid | 845,657,612 | 739,972,032 | 55,348,547 | 53,070,322 |

*Movements in ordinary share capital*

| **Details** | **Date** | **Shares** | **Issue price** | **$** |
|---|---|---|---|---|
| Balance | 1 July 2018 | 739,972,032 | | 53,070,322 |
| Balance | 30 June 2019 | 739,972,032 | | 53,070,322 |
| Placement of shares | 5 September 2019 | 91,666,666 | $0.024 | 2,200,000 |
| Share Purchase Plan (SPP) shares issued | 14 October 2019 | 14,000,025 | $0.024 | 336,000 |
| Exercise of listed options | 20 November 2019 | 5,000 | $0.035 | 175 |
| Exercise of listed options | 8 January 2020 | 13,889 | $0.035 | 487 |
| Share issue costs | | - | $0.000 | (258,437) |
| Balance | 30 June 2020 | 845,657,612 | | 55,348,547 |

*Ordinary shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

*Share buy-back*
There is no current on-market share buy-back.

*Capital risk management*
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 2019 Annual Report.

*Accounting policy for 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.

## Note 24. Equity - reserves

| | Consolidated 30 June 2020 $ | 30 June 2019 $ |
|---|---|---|
| Share options reserve | 403,642 | 243,519 |

*Share options reserve*
The share options reserve records items recognised as expenses or issue costs on valuation of options. Refer to Note 38 for share-based payments made during the year ended 30 June 2020 and 30 June 2019.

*Movements in reserves*
Movements in each class of reserve during the current and previous financial year are set out below:

| **Consolidated** | **$** |
|---|---|
| Balance at 1 July 2018 | 243,519 |
| | |
| Balance at 30 June 2019 | 243,519 |
| Expired and lapsed options adjusted to Retained Earnings | (73,294) |
| Share based payment expense | 174,042 |
| Share based payment equity | 59,375 |
| | |
| Balance at 30 June 2020 | 403,642 |

Refer to Note 38 for details of Performance Rights and Options granted during the year.

## Note 25. Equity - accumulated losses

| | Consolidated 30 June 2020 $ | 30 June 2019 $ |
|---|---|---|
| Accumulated losses at the beginning of the financial year | (22,620,048) | (19,751,729) |
| Loss after income tax expense for the year | (14,014,569) | (2,868,319) |
| Transfer from options reserve (lapsed options) | 73,294 | - |
| | | |
| Accumulated losses at the end of the financial year | (36,561,323) | (22,620,048) |

## Note 26. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 27. Financial instruments

***Financial risk management objectives***
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

The consolidated entity’s financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable, accounts payable and loans to related parties.

***Market risk***

*Foreign currency risk*
The consolidated entity is not exposed to foreign currency risk through foreign exchange rate fluctuations.

*Price risk*
The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*
The consolidated entity's main interest rate risk arises interest income it can potentially earn on surplus cash deposits. The Company has no interest-bearing borrowings from long-term borrowings and hence not exposed to any interest rate risk from related variable rates.

The consolidated entity has cash and cash equivalents totalling $2,500,090 (2019: $1,204,981). An official increase/decrease in interest rates of 0.5% (2019: 0.5%) basis points would have an adverse/favourable effect on profit before tax of $ 12,500 (2019: $6,024) per annum.

***Credit risk***
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements

The credit risk for cash and cash equivalents is considered negligible as the consolidated entity invests its surplus funds with reputable Australian banks with high quality external credit ratings. The consolidated entity does not have any other material credit risk exposure to any single material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

***Liquidity risk***
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

***Fair value of financial instruments***
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 28. Key management personnel disclosures

*Directors*
The following persons were Directors of Investigator Resources Limited during the financial year:

K. Wilson - Chairman
D. Ransom - Non-Executive Director
A. McIlwain - Managing Director

*Compensation*
The aggregate compensation made to Directors and key management personnel of the consolidated entity is set out below:

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Short-term employee benefits | 361,694 | 654,440 |
| Post-employment benefits | 30,323 | 51,751 |
| Long-term benefits | - | 75,797 |
| Share-based payments | 104,043 | - |
| | 496,060 | 781,988 |

## Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by, the auditor of the company:

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| *Audit services -* | | |
| Audit or review of the financial statements | 37,461 | 39,780 |
| *Other services -* | | |
| Tax compliance and advisory services | 7,300 | 12,700 |
| | 44,761 | 52,480 |

## Note 30. Commitments

The consolidated entity has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the consolidated entity. To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements. The Company also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

| | Consolidated | |
|---|---|---|
| | **30 June 2020 $** | **30 June 2019 $** |
| *Exploration Expenditure Commitments* | | |
| Committed at the reporting date but not recognised as liabilities, payable | | |
| Not later than one year | 1,409,315 | 1,974,268 |
| Later than one year but not later than two years | 1,430,685 | 291,332 |
| | 2,840,000 | 2,265,600 |
| Total commitment | 2,840,000 | 2,265,600 |
| *Office and Storage Shed Rentals* | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Not later than one year | - | 75,540 |
| Later than one year but not later than two years | - | 69,410 |
| Later than two years but not later than five years | - | 3,465 |
| | - | 148,415 |

With the adoption of AASB 16-*Leases* from 1 July 2019, these operating leases have been recognised as lease liabilities in the statement of financial position as at 30 June 2020. The parent entity had no other expenditure commitments as at 30 June 2020.

## Note 31. Related party transactions

*Parent entity*
Investigator Resources Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in Note 33.

*Joint operations*
Interests in joint operations are set out in Note 34.

*Key management personnel*
Disclosures relating to key management personnel are set out in Note 28 and the remuneration report included in the Directors' report.

*Transactions with related parties*
The following transactions occurred with related parties:

| | Consolidated | |
|---|---|---|
| | **30 June 2020 $** | **30 June 2019 $** |
| Payment for other expenses: | | |
| Consulting fees paid to Andrew McIlwain & Associates Pty Ltd* | 42,500 | 30,000 |

* Mr A. McIlwain is a director of Andrew McIlwain & Associates Pty Ltd (AM&A). From 1 July 2018, AM&A and Mr McIlwain had been engaged to provide corporate advisory services to the company. The services provided were based on normal commercial terms and conditions. The consultancy arrangement ceased upon Andrew McIlwain's appointment as Managing Director of the Company.

*Receivable from and payable to related parties*
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*
There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*
All transactions were made on normal commercial terms and conditions and at market rates.

## Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent 30 June 2020 $ | Parent 30 June 2019 $ |
|---|---|---|
| Loss after income tax | (14,014,569) | (2,868,319) |
| Total comprehensive loss | (14,014,569) | (2,868,319) |

*Statement of financial position*

| | Parent 30 June 2020 $ | Parent 30 June 2019 $ |
|---|---|---|
| Total current assets | 2,553,163 | 1,260,439 |
| Total assets | 19,890,069 | 30,987,999 |
| Total current liabilities | 676,445 | 294,206 |
| Total liabilities | 699,203 | 294,206 |
| Equity | | |
| Issued capital | 55,348,547 | 53,070,322 |
| Share options reserve | 403,642 | 243,519 |
| Accumulated losses | (36,561,323) | (22,620,048) |
| Total equity | 19,190,866 | 30,693,793 |

Commitments for the parent entity are the same as those for the consolidated entity.

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year end.

## Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest 30 June 2020 % | Ownership interest 30 June 2019 % |
|---|---|---|---|
| Sunthe Uranium Pty Ltd | Australia | 100.00% | 100.00% |
| Gilles Resources Pty Ltd | Australia | 100.00% | 100.00% |
| Silver Eyre Pty Ltd | Australia | 100.00% | 100.00% |
| Kimba Minerals Pty Ltd | Australia | 100.00% | 100.00% |
| Goyder Resources Pty Ltd | Australia | 100.00% | 100.00% |
| Gawler Resources Pty Ltd | Australia | 100.00% | 100.00% |

## Note 34. Interests in joint operations and Farm-in Arrangements

On 14 July 2019, Gawler Resources Pty Ltd, a wholly owned subsidiary of Investigator Resources Limited entered into a earn-in and joint operation agreement with OZ Exploration Pty Ltd, a wholly owned subsidiary of OZ Minerals Limited for exploration on the Maslins project located on EL 5705. Under this agreement, OZ Minerals could elect to fund up to $10 million on a three-stage exploration program to explore and earn-in to the Maslins Project and may earn up to a 70% interest. As at 30 June 2020, OZ Minerals had contributed $1.48 million (excluding GST) of which $1.17 million had been deployed as exploration expenditure and $79k earned by the Company as project management fees. On 30 March 2020 the Company announced to the ASX that the second drill hole was terminated at 1,303m with no significant mineralisation identified in the core. As at 30 June 2020, the Company had a balance of $238,810 joint operation contribution received in advance as cash which will be used towards rehabilitation costs. Under the terms of the Earn-In Agreement subsequent to the year end, OZ Minerals formally notified the Company that they would not commit to Stage 2 of the Agreement (ASX: 21 July 2020).

At the date of this report, the Company has no other interest in joint operations or farm-in arrangements.

## Note 35. Events after the reporting period

14 July 2020, Dr David Ransom resigned as Non-executive Director and Mr Andrew Shearer was appointed as the Non-Executive Director.

On 13 August 2020 Mr Shearer was issued 2,000,000 unlisted options as part of his sign-on package, exercisable at $0.035 with an expiry of 20 November 2022.

As announced by the company on 21 July 2020, under the terms of the Earn-In Agreement, OZ Minerals formally notified the Company that they would not commit to Stage 2 of the Agreement.

On 30 July 2020, the Company announced it had undertaken a Placement of ordinary shares to professional and sophisticated investors raising $8 million (excluding costs) in two tranches to be used towards the development of the Paris Silver Project and general working capital. The Placement was in two tranches of which the Company received $5.5 million under Tranche 1 on 6 August 2020. A further $2.5 million under Tranche 2 is subject to a shareholder’s approval at a General Meeting to be held on 23 September 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Note 36. Cash flow information

*Reconciliation of loss after income tax to net cash used in operating activities*

| | Consolidated | |
|---|---|---|
| | **30 June 2020 $** | **30 June 2019 $** |
| Loss after income tax expense for the year | (14,014,569) | (2,868,319) |
| Adjustments for: | | |
| Depreciation and amortisation | 2,051 | 2,617 |
| Profit on disposal of plant and equipment | - | (24,182) |
| Employee options expense | 174,043 | - |
| Exploration expenditure written off | 13,160,787 | 1,797,782 |
| AASB 16 adjustment | 3,413 | - |
| | | |
| Change in operating assets and liabilities: | | |
| (Increase)/Decrease in trade and other receivables | 10,521 | 626,903 |
| (Increase)/Decrease in inventory | - | 12,679 |
| (Increase)/Decrease in other assets | (6,557) | 6,477 |
| (Decrease)/Increase in Provisions - current | 24,212 | (155,944) |
| (Decrease)/Increase in Provisions – non-current | - | (69,104) |
| (Decrease)/Increase in creditors and accruals | (7,068) | (43,584) |
| | | |
| Net cash used in operating activities | (653,167) | (714,675) |

## Note 37. Earnings per share

| | Consolidated | |
|---|---|---|
| | 30 June 2020 $ | 30 June 2019 $ |
| Loss after income tax attributable to the owners of Investigator Resources Limited | (14,014,569) | (2,868,319) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 824,756,102 | 739,972,032 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 824,756,102 | 739,972,032 |
| | **Cents** | **Cents** |
| Basic loss per share | (1.70) | (0.39) |
| Diluted loss per share | (1.70) | (0.39) |

*Accounting policy for earnings per share*

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Investigator Resources 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.

*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.

## Note 38. Share-based payments

Share based payments expense during the period is $174,042 (2019: nil) of which relates to Performance Rights and options issued to Directors, KMP and other employees of the company.

**Performance Rights**
In November 2019, following shareholder approval at the Annual General Meeting, the consolidated entity issued 15,000,000 performance rights to Mr Andrew McIlwain with various vesting conditions relating to share price, service period and performance hurdles, as below:

| Grant date | Expiry date | Exercise price | Granted | Exercised | Expired/ forfeited/ other | Balance as at 30 June 2020 |
|---|---|---|---|---|---|---|
| 20/11/2019 | 21/01/2021 | - | 5,000,000 | - | - | 5,000,000 |
| 20/11/2019 | 21/01/2022 | - | 5,000,000 | - | - | 5,000,000 |
| 20/11/2019 | 21/01/2023 | - | 5,000,000 | - | - | 5,000,000 |

The fair value of the performance rights was determined at $228,331 using the Black Scholes option pricing model using the following inputs:

| | |
|---|---|
| Weighted average share price at date of grant ($) | 0.017 |
| Weighted average exercise price ($) | Nil |
| Weighted average volatility % | 100 |
| Weighted average risk-free rate % | 0.75 |
| Fair value of options $ | 228,331 |

## Note 38. Share-based payments (continued)

### Listed Options

| Details | Date | Options |
|---|---|---|
| Balance | 1 July 2018 | 160,660,226 |
| Listed Options issued during the year unexercised | 28 February 2019 | 1,363,636 |
| Balance | 30 June 2019 | 162,023,862 |
| Listed Options issued under Placement(ii) | 05 September 2019 | 30,555,600 |
| Listed Options issued to Lead Manager in relation to the Placement(i) | 05 September 2019 | 6,597,222 |
| Listed option issued under SPP(iii) | 14 October 2019 | 4,666,683 |
| Exercise of options | 20 November 2019 | (5,000) |
| Exercise of options | 08 January 2020 | (13,889) |
| Balance | 30 June 2020 | 203,824,478 |

During the 2020 financial year following options were granted:

(i) 6,597,222 listed fully vested options (exercisable at $0.035, expiring on 31 December 2020) issued to PAC Partners Pty Ltd or its nominees in consideration for lead manager services provided to the Company (Lead Manager Options). The fair value of the Lead Manager Options issued was $59,375 being the market price of the options on the date of the grant.

(ii) 30,555,600 listed fully vested options (exercisable at $0.035, expiring on 31 December 2020) were issued as free attaching options in conjunction with the capital raising activities as announced on 2 September 2019.

(iii) 4,666,683 listed options were issued on 14 October 2019 under the terms of Share Purchase Plan announced on 13 September 2019.

In 2019, 1,363,636 listed fully vested options (exercisable at $0.035, expiring on 31 December 2020) were issued with the same terms and conditions as announced on 19 October 2017.

The options are listed on the ASX with an exercise price of $0.035 per share and expiring on 31 December 2020. During the reporting period 18,889 listed options were exercised.

### Unlisted Options

| Details | Date | Options | Fair value per option | $ |
|---|---|---|---|---|
| Balance | 1 July 2018 | 5,915,000 | | 73,294 |
| Balance | 30 June 2019 | 5,915,000 | | 73,294 |
| Options issued to KMP | 20 November 2019 | 10,000,000 | $0.08 | 80,000 |
| Options issued to KMP | 20 November 2019 | 2,000,000 | $0.07 | 14,000 |
| Options issued to employees | 20 November 2019 | 10,000,000 | $0.07 | 70,000 |
| Options expired | 22 November 2019 | (3,415,000) | $0.02 | (62,381) |
| Options expired | 23 January 2020 | (2,500,000) | $0.00 | (10,913) |
| Balance | 30 June 2020 | 22,000,000 | | 164,000 |

In November 2019, 22,000,000 unlisted fully vested options (exercisable at $0.035, expiring on 20 November 2022) were issued to Directors, KMP and other employees of the company. Options issued to KMP were approved by shareholders at the 2019 Annual General Meeting.

**Note 38. Share-based payments (continued)**

The fair value of the options was determined as of $164,000 using the Black Scholes option pricing model using the following inputs:

| | |
|---|---|
| Weighted average share price at date of grant ($) | 0.017 |
| Weighted average exercise price ($) | 0.035 |
| Weighted average volatility % | 100 |
| Weighted average risk-free rate % | 0.71 |
| Days to expiry | 1,096 |
| Fair value of options $ | 164,000 |

During the reporting period no KMP options were exercised. Subsequent to year ended 30 June 2020, no unlisted options have been exercised.

Details of unlisted share options on issue to KMP and other employees and weighted average exercise prices were as follows:

| | KMP<br>No. of Options | KMP Weighted average exercise price<br>$ | Employees<br>No. of Options | Employees Weighted average exercise price<br>$ |
|---|---|---|---|---|
| Outstanding at 30 June 2018 | 5,915,000 | 0.041 | - | - |
| Outstanding at 30 June 2019 | 5,915,000 | 0.041 | - | - |
| Granted / Issued | 12,000,000 | 0.008 | 10,000,000 | 0.008 |
| Lapsed | (5,915,000) | 0.041 | - | - |
| Outstanding at 30 June 2020 | 12,000,000 | 0.008 | 10,000,000 | 0.008 |

*Accounting policy for share-based payments*
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

**Note 38. Share-based payments (continued)**

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Investigator Resources Limited**
**Directors' declaration**
**30 June 2020**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Kevin Wilson
Chairman

3 September 2020

Grant Thornton

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# Independent Auditor's Report

## To the Members of Investigator Resources Limited

### Report on the audit of the financial report

### Opinion

We have audited the financial report of Investigator Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

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

### Basis for opinion

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

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

### Key audit matters

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

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Exploration and evaluation assets - Notes 16** | |
| At 30 June 2020 the carrying value of exploration and evaluation assets was $17,198,899.<br><br>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.<br><br>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.<br><br>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers. | Our procedures included, amongst others:<br>• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;<br>• reviewing management's area of interest considerations against AASB 6;<br>• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including;<br>– tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;<br>– enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;<br>– understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;<br>• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;<br>• evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and<br>• assessing the appropriateness of the related financial statement disclosures. |

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

### Auditor's responsibilities for the audit of the financial report

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

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_2020.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 13 to 18 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Investigator Resources Limited, for the year ended 30 June 2020 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 3 September 2020

**Investigator Resources Limited**
**Shareholder information**
**30 June 2020**

The shareholder information set out below was applicable as at 25 August 2020.

## DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding for holders of ordinary shares:

| Range | Total holders | Units | % Units |
|---|---|---|---|
| 1 - 1,000 | 223 | 20,943 | 0.00 |
| 1,001 - 5,000 | 354 | 1,191,713 | 0.12 |
| 5,001 - 10,000 | 403 | 3,427,398 | 0.33 |
| 10,001 - 100,000 | 2,036 | 89,072,085 | 8.64 |
| 100,001 Over | 1,215 | 937,008,955 | 90.91 |
| **Total** | **4,231** | **1,030,721,094** | **100.00** |
| **Holdings less than Marketable parcel** | **804** | | |

Analysis of number of equitable security holders by size of holding for holders of listed options:

| Range | Total holders | Units | % Units |
|---|---|---|---|
| 1 - 1,000 | 9 | 148 | 0.00 |
| 1,001 - 5,000 | 0 | 0 | 0.00 |
| 5,001 - 10,000 | 3 | 28,889 | 0.01 |
| 10,001 - 100,000 | 121 | 6,662,334 | 3.30 |
| 100,001 Over | 172 | 195,402,958 | 96.69 |
| **Total** | **305** | **202,094,329** | **100.00** |
| **Holdings less than Marketable parcel** | **30** | | |

## EQUITY SECURITY HOLDERS

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

**Twenty Largest Shareholders**

| | Name | No. of shares | % Units |
|---|---|---|---|
| 1 | CITICORP NOMINEES PTY LIMITED | 107,525,533 | 10.43 |
| 2 | BNP PARIBAS NOMS PTY LTD <DRP> | 19,063,834 | 1.85 |
| 3 | UBS NOMINEES PTY LTD | 16,403,523 | 1.59 |
| 4 | GREGMAL NOMINEES PTY LIMITED <GREGMAL CAPITAL A/C> | 12,710,633 | 1.23 |
| 5 | HSBC CUSTODY NOMINEES | 10,280,497 | 1.00 |
| 6 | MR BRIAN JOHN ANDERSON | 10,000,000 | 0.97 |
| 7 | ROBERTSON ARCHITECTURAL SERVICES PTY LTD <ROBERTSON FAMILY S/F A/C> | 10,000,000 | 0.97 |
| 8 | MR SHANE PETER MATTERSON + MRS SHARYN ALISON MATTERSON <SHANE MATTERSON S/F A/C> | 9,284,848 | 0.90 |
| 9 | MR DIMITRI EMIL LAJOVIC | 8,893,625 | 0.86 |
| 10 | CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C> | 8,488,800 | 0.82 |
| 11 | EST MR MALCOLM THOM | 6,575,375 | 0.64 |
| 12 | COMSEC NOMINEES PTY LIMITED | 6,528,522 | 0.63 |
| 13 | MR PETER NEIL HENDERSON | 6,500,000 | 0.63 |
| 14 | WILLOW GLENN PTY LIMITED | 6,330,694 | 0.61 |
| 14 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 6,229,004 | 0.60 |
| 16 | BERKELEY DOWNS INVESTMENTS PTY LTD <SUPER FUND ACCOUNT> | 6,000,000 | 0.58 |
| 17 | MR LEE SUBOTIC + MRS SABRINA SUBOTIC | 5,649,246 | 0.55 |
| 18 | MR NEVILLE GEORGE COLLETT | 5,518,780 | 0.54 |
| 19 | MR NICHOLAS PLAYFORD FORGAN | 5,444,422 | 0.53 |
| 20 | MR BENJAMIN JOEL WEEKES | 5,400,772 | 0.52 |
| **Total Top 20 Shareholders** | | **272,828,108** | **26.45** |

**Investigator Resources Limited**
**Shareholder information**
**30 June 2020**

**Twenty Largest Option Holders**

| | Name | Units | % Units |
|---|---|---|---|
| 1 | MRS LESLEY LORD | 16,475,000 | 8.15 |
| 2 | CITICORP NOMINEES PTY LIMITED | 16,379,946 | 8.11 |
| 3 | MR ADAM ANTHONY MIOCEVICH | 9,735,909 | 4.82 |
| 4 | MRS SANDY TAN SIEW MAY | 8,100,000 | 4.01 |
| 5 | MR PETER DANIEL WILLSON | 7,000,000 | 3.46 |
| 6 | MR PETER DANIEL WILLSON + MRS NARELLE KAREN WILLSON <WILLSON SUPER FUND A/C> | 6,034,145 | 2.99 |
| 6 | VALLEYTECH INSTRUMENTATION PTY LTD | 5,500,000 | 2.72 |
| 8 | MR DEAN MATHEWS | 4,763,875 | 2.36 |
| 9 | BINKARRA PTY LTD <BINKARRA A/C> | 4,511,667 | 2.23 |
| 10 | MR KENNETH PAUL TERRY | 4,434,826 | 2.19 |
| 11 | MR MARK QUIRK + MS JENNIFER ANN TAYLOR <SUPERANNUATION FUND A/C> | 4,121,056 | 2.04 |
| 12 | BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP> | 3,700,000 | 1.83 |
| 12 | MR MICHAEL ROBERT BELLAMY | 3,319,504 | 1.64 |
| 14 | MR IAN HEMBROW | 3,304,446 | 1.64 |
| 15 | MRS HUE BOI NGHIA | 3,280,441 | 1.62 |
| 16 | TAIPAN INVESTMENT MANAGEMENT PTY LIMITED <TAIPAN NO 1 A/C> | 3,255,991 | 1.61 |
| 16 | WILLOW GLENN PTY LIMITED | 2,575,375 | 1.27 |
| 16 | DRILLER HOLDINGS PTY LTD <THE DRILLER FAMILY A/C> | 2,531,709 | 1.25 |
| 19 | TAYLOR FAMILY INVESTMENTS PTY LTD <TAYLOR FAMILY S/F A/C> | 2,500,000 | 1.24 |
| 20 | DR KERRY MICHAEL BOWEN + MRS JENNIFER NANCY BOWEN <BOWEN S/F PENSION A/C2> | 2,000,000 | 0.99 |
| **Total Top 20 Listed Option Holders** | | **113,523,890** | **56.17** |

**Substantial Shareholders**
Details of substantial shareholders are set out below:

| | Name | No. of shares | % Units |
|---|---|---|---|
| 1 | MERIAN GLOBAL INVESTORS (UK) LIMITED | 96,452,476 | 9.35% |

**Listed options**

| Class | Expiry Date | No. Holders |
|---|---|---|
| IVROA | 31 December 2020 | 305 |

## VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

At meeting of members or classes of members:

(a) each member entitled to vote may vote in person or by proxy, attorney or respective;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

(i) for each fully paid share held by person, or in respect of which he/she is appointed a proxy, attorney or representative, one vote for the share;

(ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited).

Subject to any rights or restrictions attached to any shares or class of shares

## ANNUAL GENERAL MEETING AND DIRECTOR NOMINATIONS CLOSING DATE

Investigator Resources Limited advises that its Annual General Meeting will be held on Friday, 20 November 2020. The details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

The Closing date for receipt of nomination for the position of Director is Friday, 9 October 2020. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Friday, 9 October 2020 at the Company's Registered Office.

The Company notes that the deadline for nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.