



Annual Report 2020

Contents

Corporate Directory	ii
Review of Operations	iii
Corporate Governance	xvii
Directors' Report	4
Auditor's Independence Declaration	17
Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Consolidated Statement of Financial Position.....	19
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Cash Flows.....	21
Notes to the Financial Statements.....	22
Directors' Declaration	43
Independent Auditor's Report	43
ASX Additional Information	48

Corporate Directory

Directors

David Church (Non-Executive Chairman)

Scott Patrizi (Executive Director)

Mick Caruso (Non-Executive Director)

Adam Miethke (Non-Executive Director)

Registered and business address

Level 1, 3 Ord Street

West Perth WA 6005

Telephone: +61 8 6142 0987

Website: www.capriceresources.com

Company secretary

Oonagh Malone

Auditors

RSM Australia Partners

Level 32, Exchange Tower

2 The Esplanade

Perth WA 6000

Securities exchange

Australian Securities Exchange (ASX)

Code: CRS

Home office: Perth

Share registry

Automatic Registry Services

126 Phillip Street

Sydney, New South Wales 2000

Telephone: 1300 288 664

Country of incorporation and domicile

Australia

Review of Operations

Island Project - Western Australia

In August 2020, the Company announced an agreement to acquire the Island Project via the 100% acquisition of Goldview Metals Pty Ltd. Following shareholder approval, the Company was pleased to announce the completion of the acquisition in October 2020.

The Island Project covers 21km² of highly prospective tenure in the richly endowed Cue gold field and contains many of the historic gold mines of the Lake Austin gold mining centre. The Project comprises two granted mining leases and one exploration license (M21/66, M21/140 and E21/186). The Project lies adjacent to the Great Northern Highway and is located 630km north of Perth, 60km north of Mt Magnet and 20km south of Cue.

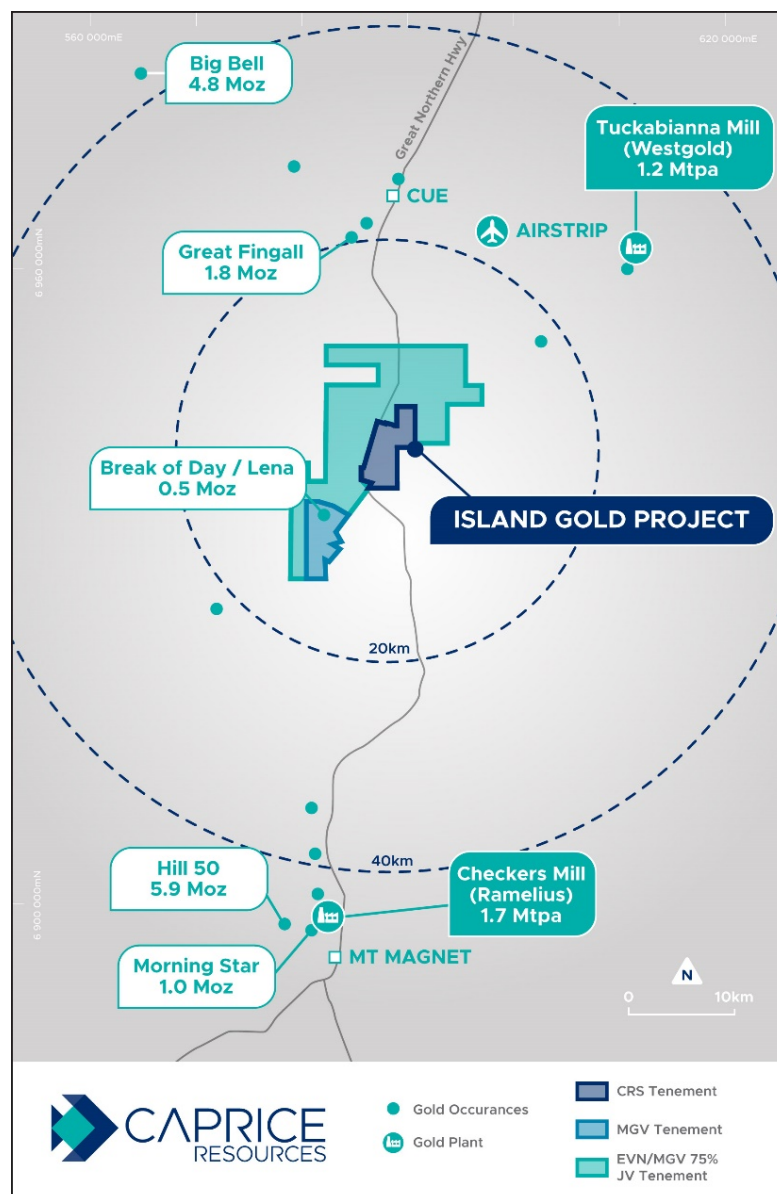


Figure 1: The Island Project Location

Historical exploration at the Island Project has been limited to surface prospecting, geochemistry, and broad spaced shallow drilling with exploration over the past decade constrained by funding, which relied heavily on gold recovered from prospecting activities.

To date the targets across the tenure have had limited drilling, with Goldview undertaking the only meaningful program on the Project since 1993 with the completion of ~6,174m of drilling from 2010 to 2016. Significant intercepts include:

- 11.0m @ 14.9g/t Au from 77.0m (New Orient);
- 24.0m @ 6.8g/t Au from 24.0m (New Orient);
- 15.0m @ 10.5g/t Au from 75.0m (New Orient);
- 4.0m @ 17.3g/t Au from 8.0m (Baxters);
- 3.0m @ 24.3g/t Au from 27.0m (Baxters); and
- 4.0m @ 7.6g/t Au from 26.0m (Golconda).

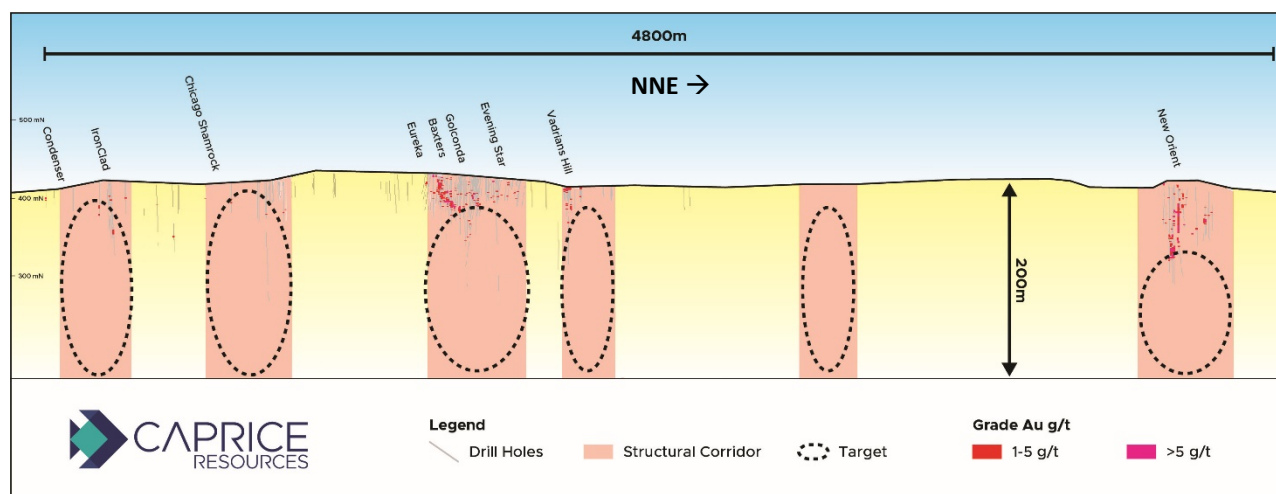


Figure 2: Regional Long Section Covering the Island Gold Project

The Island Project thus far consists of three key prospects namely New Orient, Baxters and Golconda. These deposits are epigenetic and associated with major faults and shear zones hosted in banded iron formation (BIF), mafics and volcano-clastic rocks. The geological relationship between the faults/shear zones and BIF have recently become better understood and incorporated into the exploration strategy. The Company has commenced its maiden drill program with the initial focus to be on the New Orient and Baxters-Golconda prospects.

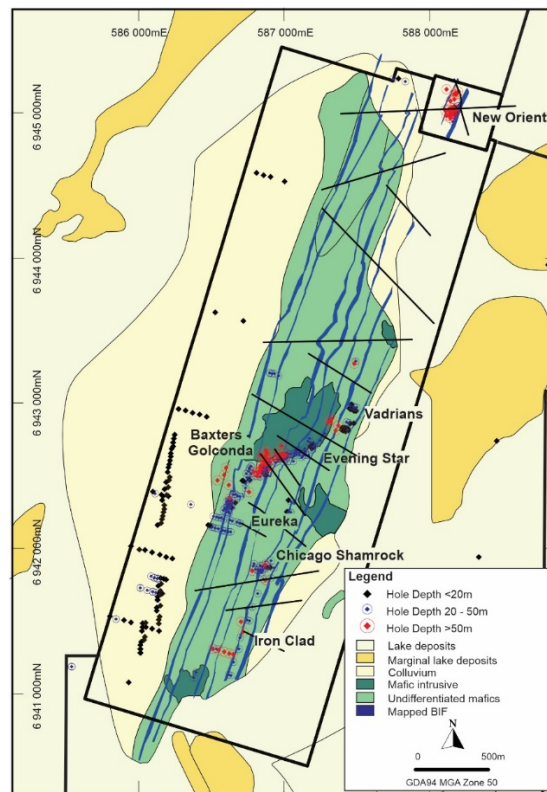


Figure 3: The Island Project Plan View Showing Depth of Historic Drill Holes

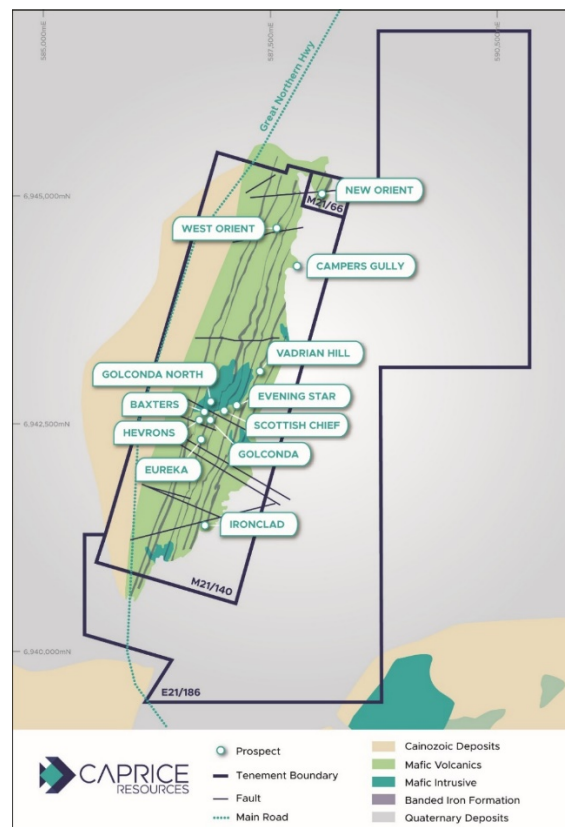


Figure 4: The Island Project Geology & Prospect Locations

Background

The Lake Austin Gold Mining Centre was discovered in the gold rushes of the 1890s. Many rich zones of mineralisation are hosted both in bedrock and overlaying alluvials. The main hard rock production occurred between 1894 and 1903, with a second period of activity in the 1930s for recorded gold production totalling 55,941 ounces at an average grade of around 40g/t Au.¹ Rytech Pty Ltd (**Rytech**) and Goldview produced a nominal amount of gold from the New Orient mine during the 1990s.

Historical gold production focused on supergene gold within quartz veins, often found at the contact between the BIF and mafics. The mining operations ceased mainly due to the perceived scarcity of the supergene gold at depth. Modern exploration over the area has been limited.

From 1982 to 1984, 55 reverse circulation (RC) and 9 diamond drill (DD) holes were drilled by CSR in a joint venture with Golconda Limited. The west side of the Island was tested for deep lead potential via 30 RC holes ranging from 6m to 15m. Deeper (40-90m) drill holes targeted the Golconda and Ironclad areas and returned encouraging results with RC52 returning 7m @ 3g/t Au. DD holes DDH4 and DDH5 positioned at Golconda are interpreted as being north of the main lodes.

Limited exploration and minor production concentrating on the deep lead alluvial potential was undertaken by Pinnacle Mining Limited during the mid-1980s including an extensive 164 RAB drill hole programme from 1993 – 1994, with holes of up to 40m drilled extending from the Ironclad to the Golconda-Baxters areas. Intercepts from 55 holes returned grades greater than 0.5g/t Au with the best value totalling 28g/t Au (LA081) within a 60m length mineralized zone at Vadrian Hill. Forfeiture dispute proceedings over the tenements from 1995 to 1999 and subsequent Native Title negotiations from 1999 through to 2009, impeded follow up work on these targets and preserved the exploration opportunity at the Island (M21/140). Both the tenement forfeiture dispute and Native Title negotiations have now been successfully completed.

The New Orient mine on ML 21/66 was discovered in the late 19th Century and produced over 3,000 ounces of gold.² Rytech had a lease over the mine from 1990 and completed 12 holes (BB1-12) targeting the large quartz vein observed at surface. Having limited success, they sold the lease to Michael Caruso in 1997 who recognised greater potential from the BIF related mineralisation following extensive work underground. Michael completed further drilling between 2008 to 2010, which significantly enhanced the understanding of the mineralisation in the area.

The Island Project has seen limited to no exploration between 1993 and 2010 due to applications against forfeiture and Native title issues. Michael Caruso expanded his landholding through the acquisition of Goldview Corporation Pty Ltd (now Goldview Metals Pty Ltd) in 2008 that includes ML 21/140 E21/186. Subsequent to the acquisition the native title and tenure issues were resolved in 2009.

¹ “List of Cancelled Gold Mining Leases Which Have Produced Gold”, Department of Mines, 1954

² “List of Cancelled Gold Mining Leases Which Have Produced Gold”, Department of Mines, 1954

In October 2016, Goldview completed a further 12 RC drill hole campaign of 824m at the Baxters, Golconda and New Orient prospects, encountering significant success at depth across all three deposits, including significant hits at New Orient:

- BB30 returned 15m @ 5.41 g/t Au from 76-92m;
- BB31 returned 5m @ 5.11 g/t Au from 88-94m; and
- BB32 returned 4m @ 6.27 g/t Au from 55-59m including 1m @ 20.8g/t Au from 57-58m was drilled to test the zone between previous drill holes BB17 5m @ 6.64g/t Au from 72-75m and BB18 5m @ 7.86g/t Au from 47-52m.

Table 2: Drilling Summary

Drilling Type	Number of Holes	Average Depth	Total Metres
RAB	22	23	4,987
Reverse Circulation	115	40	4,597
Diamond	9	140	1,257
Total	146		10,841



Figure 5: Historical Underground workings Baxters Deposit

Geology and Mineralisation

Regional Geology

The Island Project is located within the Murchison Province which is dominated by granite-greenstone terrain with a number of north and north-east trending greenstone belts of mafic, felsic, ultramafic and sedimentary rocks of the Murchison Supergroup. These greenstone belts are intruded by later granitoids and cross-cut by a series of major crustal-district scale structures which control the geometry of the belt and host much of the gold deposits in the region.

The Island Project is located within the Moyagee Formation stratigraphy of the Murchison Greenstone Belt. The Moyagee Formation consists of a series of tholeiitic metabasics, intercalated with sediments including BIF. Metagabbros are irregularly intruded into the sequence and extensive granite intrusives occur surrounding the greenstone belt. The Greenstone belt has several major structures that trend north to north-east controlling the geometry of the belt. Extensive recent alluvial and lacustrine sediments surround the Archaean basement. The Island is a basement high within Lake Austin, an extensive salt lake system.

Local Geology

The Island is an Archaean basement high within Lake Austin. It is dominated by intercalated mafics and multiple BIF structures striking roughly north-northeast. There is an extensive metagabbro intrusive in the central part of the project area directly north of the Baxter's / Golconda area. This intrusive appears irregular and is strongly weathered and possibly altered. Quartz veining is present associated with supergene mineralisation and as quartz reefs.

There are several shear zones present with a dominant north-easterly trend. These shears show variable displacement and deform the BIF with tight drag folding common in the shear zones. These shear zones and associated folding appear to be an important control on mineralisation and the folding of the BIF is often associated with higher grade mineralisation. There are extensive workings present throughout the Project area with the strongest concentration on the Golconda-Vadrian Hill trend. The alignment of these workings forms a strong north-easterly trend that is interpreted to be a major influence on the distribution of gold mineralisation in the area. The trend is thought to represent a strong structural corridor that has deformed the BIF and allowed strong fluid flow during periods of mineralisation. This trend is repeated throughout the project area aligning various workings and anomalous gold results.



Figure 6: The Island Project Geology



Figure 7: Outcropping BIF unit at Baxters deposit



Figure 8: Historical shaft at Eureka deposit (left), Previously mined BIF contact at Iron Clad

Northampton Project - Western Australia

The Northampton Project hosts a large number of historic silver, lead, zinc and copper producing mines that date back to 1850 with evidence of large tailing dumps still evident across much of the Company's tenure.

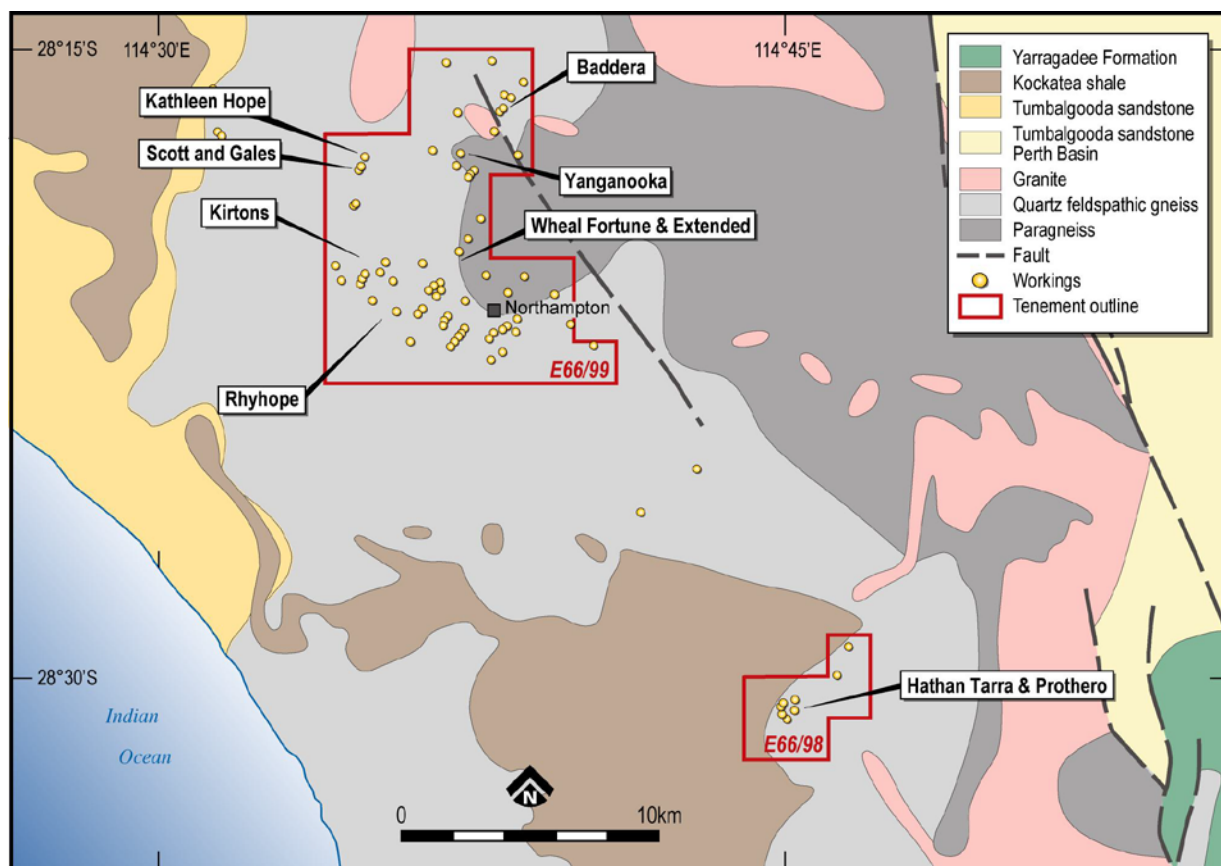


Figure 9: Northampton Copper Lead Project, Western Australia

Auger Drill Program

Following the results of the rock chip sampling program conducted at the Northampton Project, the Company undertook an auger drill program with results received in October 2019, with a total of 50 holes completed on the known targets at the Nooka prospect area. The program targeted mineralisation within a shear zone including a number of en-echelon shears that have been identified. Best results included:

- 19NHA004: 2.17% Pb, 0.19% Zn
- 19NHA023: 1.97% Pb, 0.47% Zn

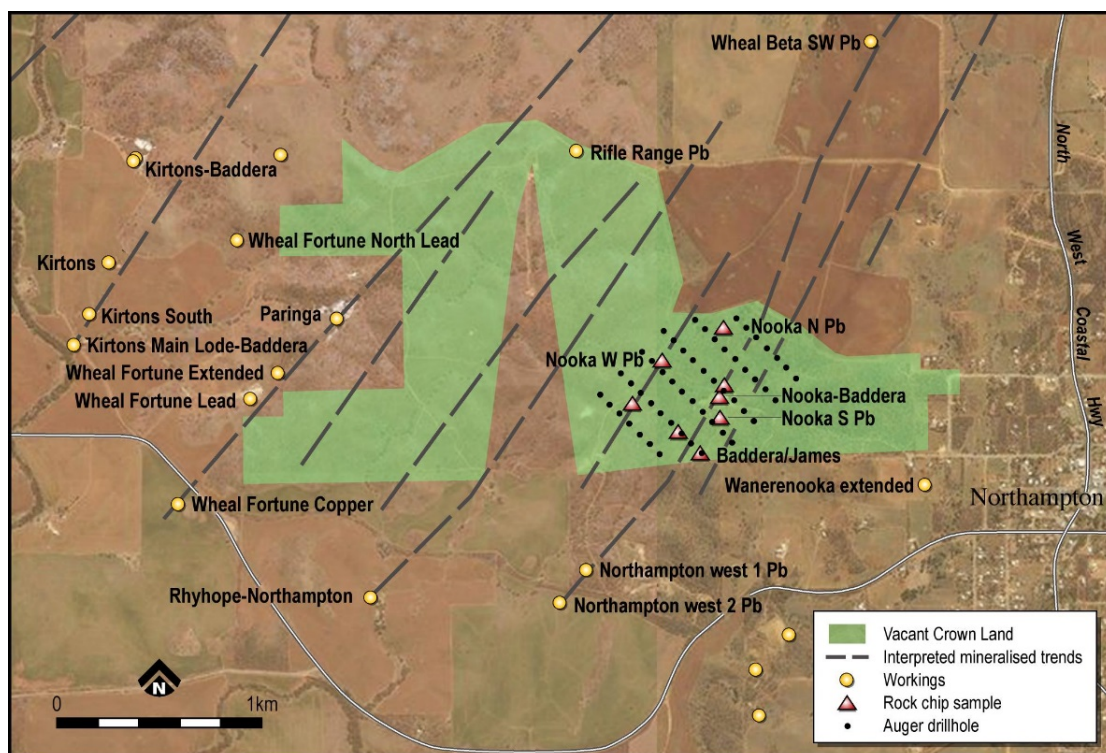


Figure 10: Location of Auger Drilling Holes

RC Drill Program

The Company lodged surface rights and access agreements with the Department of Mines and Petroleum (DMP) to commence drilling and permitting approval activities on the Company's primary target in Northampton, the Historical Wheal Fortune Lead Copper mine.

The Company secured a signed access and mineral rights deed with Coolooloo Nominees Pty Ltd, the current owners and occupiers of lots 334 and 11061 on which the Wheal Fortune prospects sits. The Company lodged this agreement with the DMP to remove the restrictions and was advised by the DMP that they first require a copy of the original grant of title (Crown Grant) from Landgate of both land parcels. This required the Company to trace title searches back to 1899 to confirm that the Crown owns the minerals and that the Mining Act 1978 is applicable. These restrictions have since been removed.

On 1 July 2020, the Company announced the resumption of exploration activities at the Northampton Project and subsequently drilled 5 holes across a zone between the historical Wheal Fortune and the Wheal Fortune Extended prospects. Drilling was planned based on limited historical information using existing cleared sites.

Two holes intersected significant base metal zones, with galena and chalcopyrite the dominant sulphide minerals. Results have produced significant intercepts including:

- CNHRC001: 17.0m @ 8.26% Pb and 0.25% Cu from 21.0m; including
 - 5.0m @ 16.74% Pb and 0.25% Cu from 21.0m.
- CNHRC002: 31.0m @ 1.12% Cu, 2.02% Pb and 9g/t Ag from 11.0m; including
 - 12.0m @ 2.23% Cu, 2.94% Pb and 12g/t Ag from 30.0; and
 - 3.0m @ 3.78% Cu, 3.78% Pb and 3g/t Ag from 33.0m.

Table 2 Significant intercepts Northampton Drilling 2020

Hole	From	To	Width	Ag	Co	Cu	Pb	Zn
				g/t	ppm	%	%	%
CNHRC001	21	38	17	1	110	0.25	8.26	0.61
Incl	24	29	5	2	120	0.28	16.74	1.49
CNHRC002	11	42	31	9	279	1.12	2.02	0.13
Incl	11	12	1	15	55	3.18	0.67	0.06
And	30	42	12	18	551	2.23	2.94	0.28
Incl	33	36	3	29	882	3.78	3.78	0.23

These wide intercepts are likely to be due to the holes drilling through the mineralisation at a low angle. Follow up drilling will be required to determine the true widths of the mineralisation.

Holes CNHRC003-CNHRC005 failed to intersect the sulphide zone and are interpreted to have passed below the zone of mineralisation and drilled through the footwall.

The drill holes were designed to test for depth extensions to the Wheal Fortune and the Wheal Fortune Extended historical copper lead mines which operated between 1862-1868 over a length of 223m and down to ~90m in depth. The deposits historically produced a combined total of 3,015 tonnes of lead and 2,681 tonnes of copper from a concentrate at 75% Pb and 17% Cu.

Mineralisation is hosted in a garnet bearing granitic gneiss with a north east trending shear hosting quartz and sulphides, with the dominant sulphides being galena, pyrite and chalcopryite. The sulphide composition varies strongly between the two holes and further drilling will be required to test the zone above holes 3 to 5 and at depth to determine the economic significance of these high grade intercepts.

Following the initial drilling success at Northampton, Caprice will undertake a detailed review of the project to consider the next steps.



Figure 11: Plan view of Northampton drilling locations and results

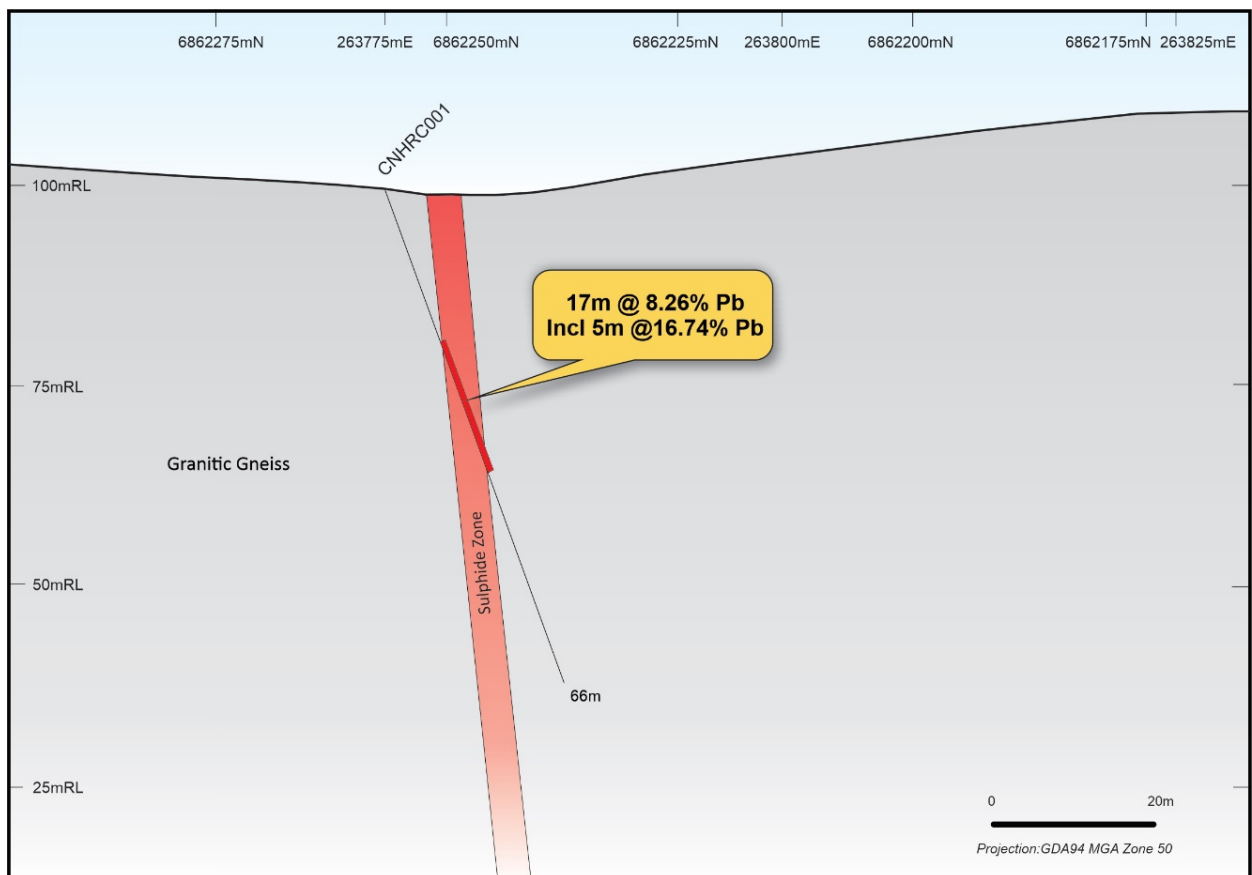


Figure 12: Cross section of Northampton looking north-east

Wild Horse Hill Project - Northern Territory

The Wild Horse Hill Project covers an area of over 231km² and is situated in the Pine Creek mineralogical terrain. Pine Creek is highly prospective for gold, highlighted by the presence of established and historical gold mining areas.

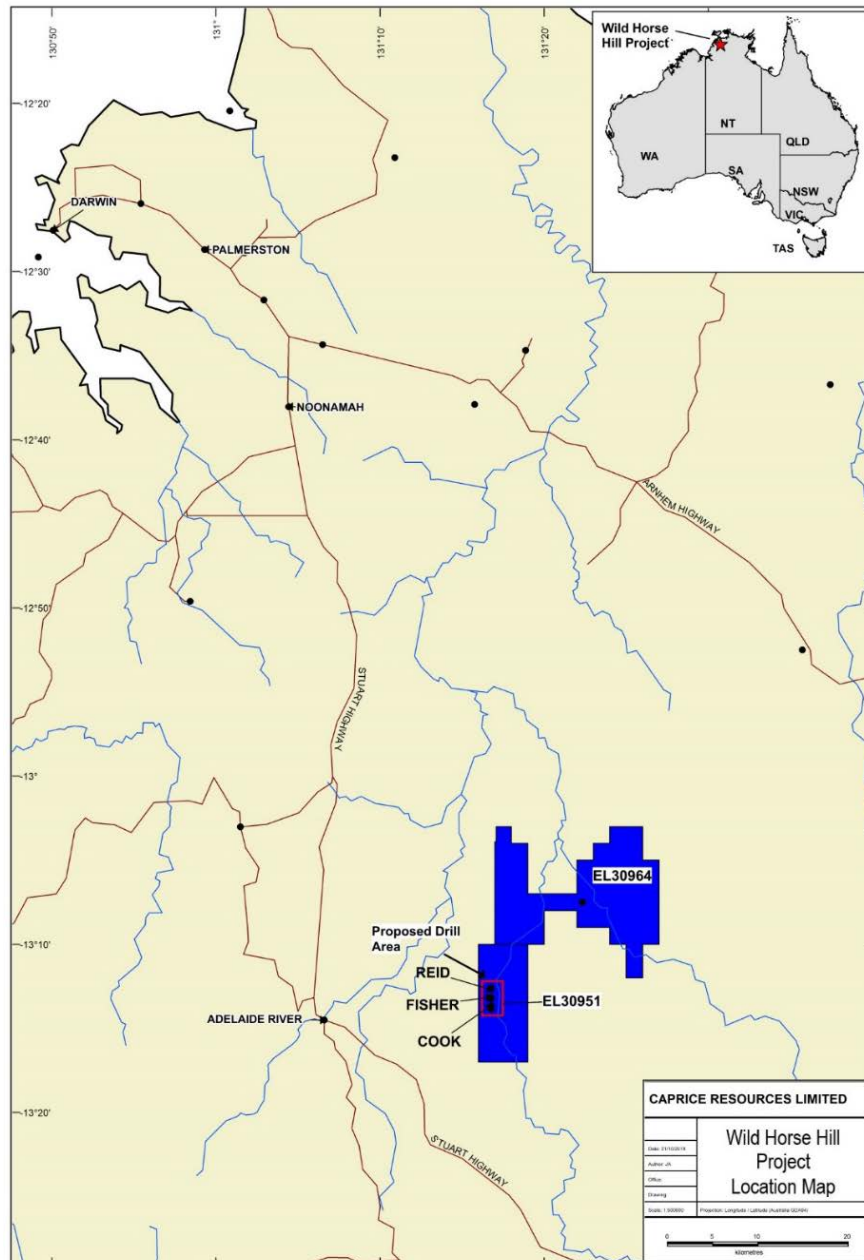


Figure 13: Wild Horse Hill Project, Pine Creek region, Northern Territory.

Maiden Drilling Program

The Company submitted its Mine Management Plan and received approval for an initial 5,000m RC drilling program at the Reid, Fisher and Cook prospects on EL30951.

The Company undertook its initial drilling program in the last quarter of 2019 with the first phase of the drill program testing the Cook Prospect with 10 RC drill holes, each drilled to a maximum depth of 150m.

The results of the drill program recorded one significant intersection of 4m @ 2.94g/t Au from hole 19WH005 on the western margin of the proposed target area, with no other significant intercepts recorded outside of this hole.

In light of these results, the Company will now be conducting a thorough desktop review of all future planned activities to be completed at the Wild Horse Hill Project.



Figure 14: Drill Rig on site, Pine Creek region, Northern Territory.

Competent Persons' Statements

The information in this report that relates to Exploration Results at Island Gold Project was reported by the Company on 6 August 2020. The Company confirms that it is not aware of any new information or data that materially affects these results.

The information in this report that relates to Exploration Results at Northampton Project was reported by the Company on 1 October 2020. The Company confirms that it is not aware of any new information or data that materially affects these results.

The information in this report that relates to Exploration Results at Wild Horse Hill Project was reported by the Company on 14 January 2020. The Company confirms that it is not aware of any new information or data that materially affects these results.

Corporate Governance

Caprice Resources Limited's Corporate Governance Statement for FY2020 is available on the Company's website www.capriceresources.com



Financial Statements

FY2020



CAPRICE RESOURCES LTD

ABN 96 624 970 725

DIRECTORS' REPORT

The Directors present their report together with the annual financial report of Caprice Resources Ltd ("Caprice Resources" or the "Company") for the year ended 30 June 2020 and the independent auditor's report thereon.

Directors

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

Bryn Hardcastle (Non-Executive Chairman)
Scott Patrizi (Executive Director)
David Church (Non-Executive Director)

Principal Activities

The principal activities of the Company are mining and mineral exploration. No significant change in the nature of these activities occurred during the year.

Review of Operations

During the year, the Company:

- conducted its initial drilling program of 10 reverse circulation drill holes that tested the Cook Prospect on the Company's Wild Horse Hill Project in the Northern Territory;
- received results from its follow up auger drilling program across the Nooka prospect at its Northhampton Project which is located immediately east of the Company's primary target, the Wheal Fortune historical mine site; and
- received approval from the Department of Mines and Petroleum for its program of work for an initial reverse circulation drilling program at the Wheal Fortune Prospect in Northampton.

Financial Results

The loss of the Company after providing for income tax for the period ending 30 June 2020 was \$369,505 (30 June 2019: \$1,226,824). During the year, total expenses amounted to \$412,297 (30 June 2019: \$1,267,730).

Cash and cash equivalents amounted to \$3,256,442 as at 30 June 2020 (30 June 2019: \$3,866,329).

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

Significant Changes in State of Affairs

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. The Company cannot reasonably estimate the length or severity of this pandemic, it currently anticipates only minimal ongoing disruptions to exploration activities in relation to its projects in Western Australia and Northern Territory.

There were no other significant changes in the state of affairs of the Company during the financial year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than:

- On 6 August 2020, the Company announced it had entered into a binding terms sheet to acquire 100% of Goldview Metals Pty Ltd which holds 100% of the Island Gold Project (Proposed Transaction). The terms sheet is subject to conditions precedent including the Company obtaining shareholder approval for the Proposed Transaction.
- On 6 August 2020, the Company announced it had received firm commitments for a placement of \$1.6 million (before costs) at an issue price of \$0.18 per share for 8,888,889 shares, subject to shareholder approval.
- On 6 August 2020, the Company announced a non-renounceable pro-rata entitlement offer to eligible shareholders on the basis of 1 share for every 5.9 shares held at the record date at an issue price of \$0.18 per new share to raise up to approximately \$1.0 million (before costs).

Likely Developments and Expected Results of Operations

Other than as referred to in this report, further information as to likely developments in the operations of the Company and likely results of those operations in future financial years would, in the opinion of the directors, be speculative.

Dividends

No dividends have been paid or declared by the Company.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnity and Insurance of Officers

To the extent permitted by law, the Company indemnifies every person who is or has been:

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

- an Officer against any liability to any person (other than the Company) incurred while acting in that capacity and in good faith; and
- an Officer of the Company, against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

The Company has entered into a Deed of Indemnity, Access and Insurance with each of its Directors and the Company Secretary. Under the Deeds of Indemnity, Access and Insurance the Company will indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Deeds of Indemnity, Access and Insurance also provide for the right to access Board papers and other Company records.

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 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 intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Information on Directors

Information in relation to the Directors of the Company for the reporting period and up to the date of this report is as follows:

Mr Bryn Hardcastle – Non-Executive Chairman

Qualifications: Bachelor of Laws, Bachelor of Arts

Experience and expertise: Mr Hardcastle is a partner of HWL Ebsworth Lawyers, specialising in corporate, commercial and securities law. Mr Hardcastle advises on equity capital markets, takeovers, schemes and corporate acquisitions, reconstructions and disposals predominantly in the energy and resources sector.

Other current directorships: Non-Executive Director of New Century Resources Limited (ASX:NCZ) and Flamingo AI Ltd (re-appointed 5 March 2020)

Former directorships: Vysarn Ltd (formerly MHM Metals Ltd) (ASX:VYS) resigned 27 October 2017; Servtech Global Holdings Ltd (ASX:SVT) resigned 27 November 2017; Flamingo AI Ltd (ASX:FGO) resigned 27 August 2018

Special responsibilities: Nil

Interest in shares: 250,000 ordinary shares

Interest in options: 325,000 options (exercise price \$0.25, expiry date 28 November 2022)

Contractual rights to shares: Nil

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

Mr Scott Patrizi – Executive Director

Qualifications: Bachelor of Commerce

Experience and expertise: Mr Patrizi is a corporate finance professional being previously employed with Deloitte. Mr Patrizi holds a Bachelor of Commerce from the University of Western Australia. During his time at Deloitte, Mr Patrizi worked across a wide range of industries including mining, oil and gas, healthcare, education and private equity providing merger and acquisition, valuation and due diligence services. Prior to Deloitte, Mr Patrizi worked for Argonaut, a full service advisory, stockbroking & research and investment house focused on clients in the natural resources sector where he gained significant equity capital market experience.

Other current directorships: Nil

Former directorships: Matador Mining Ltd (ASX:MZZ) resigned 3 July 2018; Elixir Energy Ltd (formerly Elixir Petroleum Limited) (ASX:EXR) resigned 6 May 2019; RareX Ltd (formerly Sagon Resources Ltd) (ASX:REE) resigned 18 February 2020

Special responsibilities: Nil

Interest in shares: 168,000 ordinary shares

Interest in options: 2,000,000 options (exercise price \$0.25, expiry date 28 November 2022)

Contractual rights to shares: Nil

Mr David Church - Non-Executive Director

Qualifications: LLB

Experience and expertise: Mr Church is a consultant providing general counsel and mergers and acquisition services to Regent Pacific Group Limited, a company whose securities are listed on The Stock Exchange of Hong Kong Limited. Mr Church is a qualified solicitor and has practiced in Australia with Clayton Utz, and in the UK and Hong Kong with Linklaters.

Other current directorships: Non-Executive Director of Hammer Metals Limited (ASX:HMXX)

Former directorships: Nil

Special responsibilities: Nil

Interest in shares: 162,500 ordinary shares

Interest in options: 325,000 options (exercise price \$0.25, expiry date 28 November 2022)

Contractual rights to shares: Nil

Directors' Meetings

During the financial year, three meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to Attend	Attended
Bryn Hardcastle	3	3
Scott Patrizi	3	3
David Church	3	3

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Ms Oonagh Malone

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed companies New Century Resources Ltd, European Cobalt Limited, Hawkstone Mining Limited, RareX Ltd and African Gold Ltd, and is a non-executive director and company secretary of Carbine Resources Ltd.

Remuneration Report - audited

The remuneration report details the key management personnel remuneration arrangements for the Company 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.

Remuneration policy

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally.

Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. During the year no remuneration consultants were used.

Performance-based remuneration

The Board recognises that the Company operates in a global environment. To prosper in this environment we must attract, motivate and retain key executive staff.

The principles supporting the remuneration policy are that:

- reward reflects the competitive global market in which the Company operates;
- rewards to executives are linked to creating value for shareholders;
- remuneration arrangements are equitable and facilitate the development of senior management across the Company;
- where appropriate, senior managers receive a component of their remuneration in equity to align their interests with those of the shareholders; and
- long term incentives are used to ensure that remuneration of key management personnel reflects the Company's financial performance, with particular emphasis on the Company's earnings and the consequence of the Company's performance on shareholder wealth.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

Market Comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the Board to reward key employees when they deliver consistently high performance.

Board Remuneration

The Board determines actual payments to Directors and reviews their remuneration annually based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of Directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

Directors' Fees

Executive Remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good reward corporate governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The Company has structured an executive framework that is market competitive and complementary to the reward strategy for the organisation.

The Board's policy for determining the nature and amount of remuneration for Board members and executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for executive directors and executives, was developed and approved by the Board. All executives receive a fee, part of which may be taken as superannuation, and from time to time, options. Options issued to Directors are subject to approval by Shareholders. The Board reviews executive packages regularly by reference to the Company's performance, executives' performance and comparable information from industry sectors and other listed companies in similar industries. The Board may in its discretion establish a performance based bonus system to provide reward in addition to the base salary level to the executives on such terms as the Board may determine.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

- Salaried executive directors and specified executives are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.
- All remuneration paid to directors and specified executives is valued at the cost to the Company and expensed. Options are valued using either the ASX trading price (for listed options issued) or the Black-Scholes methodology (for unlisted options issued).

Service Agreements

A summary of service agreements entered into with Executives is set out below:

Executive	Term of Agreement	Base salary per annum including any superannuation* (Non-performance based)	Termination Conditions	Proportion of elements of remuneration related to performance
Mr Scott Patrizi	Ongoing until terminated in accordance with the agreement	\$36,000	1 month notice by either party	Nil

* Base salary quoted is the position as at 30 June 2020; salaries are reviewed annually.

Non-Executive Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The maximum aggregate remuneration approved for Non-Executive Directors is determined from time to time by a general meeting.

It is recognised that non-executive director remuneration is ideally structured to exclude equity based remuneration. However, whilst the Company remains small and the full Board, including the Non-Executive Directors, are included in the operations of the Company more intimately than may be the case with larger companies, the Non-Executive Directors are entitled to participate in equity based remuneration schemes.

Bonus or Profit Participation Plan

Performance incentives may be offered to executive directors and senior management of the Company through the operation of a bonus or profit participation plan at the ultimate discretion of the Board.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

Details of the remuneration of the directors and key management personnel of the Company (as defined in AASB 124 *Related Party Disclosures*) are set out in the following tables.

There were no other transactions with Directors or key management personnel other than those included in the below remuneration tables or as disclosed elsewhere in the Directors' Report.

Details of remuneration for year ended 30 June 2020

	Salary, Fees and Commissions \$	Super- annuation Contribution \$	Non-cash Benefits \$	Share- based Payments \$	Total \$
Non-executive Directors					
Mr Bryn Hardcastle	24,000	-	-	-	24,000
Mr David Church	24,000	2,280	-	-	26,280
Executive Director					
Mr Scott Patrizi	36,000	-	-	-	36,000
Other Key Management Personnel					
Ms Oonagh Malone	24,000	-	-	-	24,000
Total	108,000	2,280	-	-	110,280

Details of remuneration for year ended 30 June 2019

	Salary, Fees and Commissions \$	Super- annuation Contribution \$	Non-cash Benefits \$	Share- based payments \$	Total \$
Non-executive Directors					
Mr Bryn Hardcastle	14,000	-	-	47,861	61,861
Mr David Church	14,000	1,330	-	47,861	63,191
Mr Adam Miethke ¹	-	-	-	-	-
Mr Matthew Gavshon ²	-	-	-	-	-
Executive Director					
Mr Scott Patrizi	21,000	-	-	294,800	315,800
Other Key Management Personnel					
Ms Oonagh Malone	24,000	-	-	-	24,000
Total	73,000	1,330	-	390,522	464,852

¹ Resigned 26 October 2018

² Resigned 18 July 2018

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

The proportion of remuneration linked to performance and fixed proportion are as follows:

	Fixed remuneration		At risk- short term incentives		At risk- long term incentives	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Non-executive Directors						
Mr Bryn Hardcastle	100	23	-	-	-	77
Mr David Church	100	24	-	-	-	76
Mr Adam Miethke ¹	-	-	-	-	-	-
Mr Matthew Gavshon ²	-	-	-	-	-	-
Executive Director						
Mr Scott Patrizi	100	7	-	-	-	93
Other Key Management Personnel						
Ms Oonagh Malone	100	100	-	-	-	-

¹ Resigned 26 October 2018

² Resigned 18 July 2018

There were no cash bonuses paid/payable or forfeited during the year ended 30 June 2020 or 30 June 2019.

Share-based compensation

Issue of shares

There were no shares granted during the reporting period as compensation (2019: Nil).

Options

There were no options issued to the following Directors and key management personnel during the year ended 30 June 2020.

The options below were issued to the following Directors and key management personnel during the year ended 30 June 2019 as part of their performance-based remuneration:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mr Bryn Hardcastle	325,000	28/11/18	28/11/18	28/11/22	\$0.25	\$0.1474
Mr David Church	325,000	28/11/18	28/11/18	28/11/22	\$0.25	\$0.1474
Mr Scott Patrizi	2,000,000	28/11/18	28/11/18	28/11/22	\$0.25	\$0.1474

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

Values of options over ordinary shares granted, exercised and lapsed for directors and other and key management personnel as part of compensation during the year ended 30 June 2019 are set out below.

Name	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	\$	\$	\$	%
Mr Bryn Hardcastle	47,861	-	-	77
Mr David Church	47,861	-	-	76
Mr Scott Patrizi	294,800	-	-	93

Additional disclosures relating to key management personnel

(i) Share holdings

The numbers of shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below.

2020	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year or date of resignation
Ordinary shares				
Mr Bryn Hardcastle	250,000	-	-	250,000
Mr David Church	162,500	-	-	162,500
Mr Scott Patrizi	60,000	-	108,000	168,000
Ms Oonagh Malone	10,000	-	-	10,000
Total	482,500	-	108,000	590,500

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

2019	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year or date of resignation
Ordinary shares				
Mr Bryn Hardcastle	-	-	250,000	250,000
Mr David Church	-	-	162,500	162,500
Mr Adam Miethke ¹	-	-	-	-
Mr Matthew Gavshon ²	1	-	-	1
Mr Scott Patrizi	-	-	60,000	60,000
Ms Oonagh Malone	-	-	10,000	10,000
Total	1	-	482,500	482,501

1 Resigned 26 October 2018

2 Resigned 18 July 2018

ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below.

2020	Balance at start of the year	Granted as Compensation	Acquired	Lapsed/ Forfeited	Balance at end of the year	Vested	Escrowed until 28 Nov 2022
B Hardcastle	325,000	-	-	-	325,000	325,000	325,000
D Church	325,000	-	-	-	325,000	325,000	325,000
S Patrizi	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000
O Malone	-	-	-	-	-	-	-
Total	2,650,000	-	-	-	2,650,000	2,650,000	2,650,000

2019	Balance at start of the year	Granted as Compensation	Acquired	Lapsed/ Forfeited	Balance at end of the year	Vested	Escrowed
B Hardcastle	-	325,000	-	-	325,000	325,000	325,000
D Church	-	325,000	-	-	325,000	325,000	325,000
S Patrizi	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000
O Malone	-	-	-	-	-	-	-
Total	-	2,650,000	-	-	2,650,000	2,650,000	2,650,000

During the reporting period, no shares were issued to Directors or key management personnel on the exercise of options previously granted as remuneration.

iii) Other transactions with key management personnel and their related parties

Bellanhouse Legal received \$20,098 (2019: \$161,084) during the year for the provision of legal services in relation to general legal matters. Bellanhouse Legal was a related party of Non-Executive Chairman, Bryn Hardcastle.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

Due to the COVID-19 pandemic, the directors agreed to defer director fees payable as part of a strategy to conserve the Company's cash balance. As at 30 June 2020, the following amounts, which are included in trade and other payables in the financial statements, were owed to the directors or their related entities in relation to director fees:

	Director fees due but not paid as at 30 June 2020 \$
Mr Bryn Hardcastle	¹ 6,600
Mr David Church	² 6,570
Mr Scott Patrizi	¹ 9,900
Total	23,070

¹ Includes GST

² includes superannuation entitlement on director fees

All transactions with related parties have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Additional information for consideration of shareholder wealth

This table summarises the earnings of the Company and other factors that are considered to affect shareholder wealth.

	2020	2019	2018 ¹
Loss after income tax attributable to shareholders (\$)	(369,505)	(1,226,824)	(55,277)
Share price at financial year end (\$)	0.21	0.15	N/a
Movement in share price for the year (\$)	0.06	(0.05)	N/a
Total dividends declared (cents per share)	-	-	-
Basic loss per share (cents per share)	(1.13)	(5.47)	(16.14)

¹ The company was incorporated on 20 March 2018 and as admitted to the ASX on 5 December 2018.

This is the end of the audited Remuneration report.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are:

Grant date	Expiry date	Exercise price	Number of options
28/11/2018	28/11/22	\$0.25	5,650,000
28/11/2018	28/11/21	\$0.25	325,000

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.

There have been no shares issued on the exercise of options.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' REPORT (continued)

Non-audit services

No non-audit services were performed by the Company's auditor, RSM Australia Partners, during the year ended 30 June 2020 (2019: nil)

Officers of the company who are former partner of RSM Australia Partners

No officer of the Company is or has been a Partner/Director of any auditor of the Company.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 17.

Auditor

RSM Australia continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Bryn Hardcastle
Non-Executive Chairman

Dated this 12th day of August 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Caprice Resources Ltd for the period ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 12 August 2020

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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CAPRICE RESOURCES LTD
ABN 96 624 970 725

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Income			
Income	3(a)	42,792	40,906
Total income		42,792	40,906
Expenses			
Administration expenses		(183,883)	(129,209)
Consultants and management expenses	3(b)	(170,492)	(122,753)
Depreciation expense	11	(990)	(269)
Legal expenses		(49,252)	(62,334)
Share based payment expense	15	-	(832,623)
Exploration costs expensed or written off	5	(7,680)	-
Transaction costs	3(c)	-	(120,542)
Total expenses		(412,297)	(1,267,730)
Loss before income tax for the year		(369,505)	(1,226,824)
Income tax expense	6	-	-
Loss after income tax expense for the year		(369,505)	(1,226,824)
Other comprehensive income		-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(369,505)	(1,226,824)
Attributable to:			
Members of the Company		(369,505)	(1,226,824)
Basic and diluted loss per share (cents per share)	19	(1.13)	(5.47)

The accompanying notes form part of these financial statements.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	3,256,442	3,866,329
Trade and other receivables	8	7,283	13,780
Other current assets	9	20,330	19,353
TOTAL CURRENT ASSETS		3,284,055	3,899,462
NON-CURRENT ASSETS			
Exploration and evaluation assets	10	714,528	459,523
Property, plant and equipment	11	2,800	3,790
TOTAL NON-CURRENT ASSETS		717,328	463,313
TOTAL ASSETS		4,001,383	4,362,775
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	43,563	35,450
TOTAL LIABILITIES		43,563	35,450
NET ASSETS		3,957,820	4,327,325
EQUITY			
Contributed equity	13	4,733,874	4,733,874
Reserves	14	875,552	875,552
Accumulated losses		(1,651,606)	(1,282,101)
TOTAL EQUITY		3,957,820	4,327,325

The accompanying notes form part of these financial statements.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Contributed Equity \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2018		100,003	-	(55,277)	44,726
Loss after income tax expense for the period		-	-	(1,226,824)	(1,226,824)
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive loss for the period		-	-	(1,226,824)	(1,226,824)
Transactions with owners, in their capacity as owners:					
Share issue	13	4,820,000	-	-	4,820,000
Shares issued as consideration for tenements	13	243,750	-	-	243,750
Transaction costs	13	(429,879)	-	-	(429,879)
Share based payments	14	-	832,623	-	832,623
Options issued as consideration for tenements	14	-	42,873	-	42,873
Proceeds from options issued	14	-	56	-	56
		4,633,871	875,552	-	5,509,423
Balance at 30 June 2019		4,733,874	875,552	(1,282,101)	4,327,325
Balance at 1 July 2019		4,733,874	875,552	(1,282,101)	4,327,325
Loss after income tax expense for the year		-	-	(369,505)	(369,505)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive loss for the year		-	-	(369,505)	(369,505)
Transactions with owners, in their capacity as owners		-	-	-	-
Balance at 30 June 2020		4,733,874	875,552	(1,651,606)	3,957,820

The accompanying notes form part of these financial statements.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Payments to suppliers and employees		(390,518)	(468,466)
Interest received		32,792	40,906
Other income		10,000	-
Net cash used in operating activities	20	(347,726)	(427,560)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for exploration expenditure		(257,221)	(165,748)
Payments for acquisition of mining tenements		(4,940)	(3,953)
Payments for property, plant and equipment		-	(4,059)
Payments for tenement bonds		-	(16,811)
Net cash used in investing activities		(262,161)	(190,571)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	4,534,800
Share issue costs paid		-	(429,879)
Proceeds from issue of options		-	56
Net cash from financing activities		-	4,104,977
Net increase in cash held		(609,887)	3,486,846
Opening cash and cash equivalents		3,866,329	379,483
Cash and cash equivalents at end of year	7	3,256,442	3,866,329

The accompanying notes form part of these financial statements.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

The financial statements and notes represent those of Caprice Resources Ltd, which is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 12th August 2020 by the Directors of Caprice Resources Ltd.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Compliance with IFRS

The financial statements of the Caprice Resources Ltd comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended accounting policies adopted by the Company

The Company has adopted all the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Company's accounting policies.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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 will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of AASB 16 Leases from 1 July 2019 has not affected balances of the Company because the Company does not have any leases. Future effects of the implementation of this standard will depend on details in future agreements.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Historical cost convention

These financial statements have been prepared on an accruals basis under the historical cost convention.

Critical accounting estimates, judgements and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates, judgements and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(n).

Accounting Policies

a. Other Revenue and Income

Interest income is recognised 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 is recognised when it is received or when the right to receive payment is established.

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

CAPRICE RESOURCES LTD

ABN 96 624 970 725

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

b. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

c. 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 current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve 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 twelve months after the reporting period. All other assets are classified as non-current.

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

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

d. Cash and Cash Equivalents

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

e. Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade and other receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

f. Exploration and Evaluation Expenditure 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 period in which the decision is made.

Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

g. 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.

h. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

i. Contributed Equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit recognised.

j. Share based payments

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the option holder become unconditionally entitled to the options.

The fair value of the options at grant date is independently determined using the 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.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

The fair value of these equity instruments does not necessarily relate to the actual value that may be received in future by the recipients.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

k. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, 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.

l. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers. Commitments and contingencies are disclosed net of GST.

m. Critical Accounting Estimates and Judgements

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

n. Critical accounting estimates, judgements and assumptions

(i) *Impairment exploration and evaluation assets*

Exploration and evaluation costs have been capitalised on the basis that the company 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.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

o. Segment Reporting

Operating segments are now reported in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker, which has been identified by the Company as the Executive Director and other members of the board of directors.

The Company has identified its operating segment based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Company's sole activity was mineral exploration and resource development wholly within Australia, which is its only reportable segment.

The reportable segment is represented by the financial statements forming this financial report.

NOTE 2: SEGMENT INFORMATION

The Company's operations are in one reportable business segment, being the exploration for lead, zinc and copper. The Company operates in one geographical segment, being Australia.

NOTE 3: LOSS BEFORE INCOME TAX

	2020	2019
	\$	\$
a. Income		
Interest income	32,792	40,906
Australian Government cash flow boost	10,000	-
	42,792	40,906
b. Consultants and management expenses		
Director fees and superannuation	86,280	50,330
Other consultants and management expenses	84,212	72,423
	170,492	122,753
c. Transaction costs		
ASX fees	-	68,130
Other transaction costs	-	52,412
	-	120,542

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 4: AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	2020	2019
	\$	\$
Audit services - RSM Australia Partners:		
Audit or review of the financial report of the Company and controlled entities	23,000	23,000

NOTE 5: EXPLORATION COSTS EXPENSED

	2020	2019
	\$	\$
Exploration and project evaluation expenses	7,680	-

NOTE 6: TAXATION

	2020	2019
	\$	\$
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Under/ (over) provision in respect of prior years	-	-
	-	-
Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(369,505)	(1,226,824)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(101,614)	(337,377)
Tax effect of expenditure not deductible in calculating taxable income:		
Share based payments	-	228,971
Capital raising expenditure	(32,278)	(32,277)
Other amounts not deductible or taxable in calculating taxable income	58	52
Income tax benefit not recognised	133,834	140,631
Income tax expense	-	-
Unrecognised deferred tax assets		
Tax losses	294,166	142,787
Other timing differences	4,282	6,309
Deferred tax assets not brought to account.	298,448	149,096

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 6: TAXATION (continued)

The Company has not recognised any deferred tax assets or liabilities.

These benefits will only be obtained if:

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

d. Franking credits

The Company has no franking credits available.

NOTE 7: CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank and on hand	3,256,442	232,419
Term deposits	-	3,633,910
	<u>3,256,442</u>	<u>3,866,329</u>

NOTE 8: TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
GST refundable	7,283	13,780

NOTE 9: OTHER ASSETS

	2020	2019
	\$	\$
Prepayments	3,519	2,542
Security deposit in relation to tenement	16,811	16,811
	<u>20,330</u>	<u>19,353</u>

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10: EXPLORATION AND EVALUATION ASSETS

	2020 \$	2019 \$
Tenement acquisition costs	295,516	295,516
Capitalised exploration expenditure	419,012	164,007
	714,528	459,523
<i>Movements in carrying value</i>		
Balance at the beginning of the year	459,523	-
Tenement acquisition costs	-	295,516
Exploration expenditure capitalised	255,005	164,007
Balance at the end of the year	714,528	459,523

The balance carried forward represents the acquisition costs and capitalised exploration expenditure of the Western Australian and Northern Territory tenements which is in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

NOTE 11: PLANT AND EQUIPMENT

	Computer Equipment \$	Total \$
At 30 June 2020		
At cost	4,059	4,059
Accumulated depreciation	(1,259)	(1,259)
	2,800	2,800
<i>Movements in carrying value</i>		
Year ended 30 June 2020		
Balance 1 July 2019	3,790	3,790
Additions	-	-
Disposals	-	-
Depreciation expense for the year	(990)	(990)
Balance at 30 June 2020	2,800	2,800

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: PLANT AND EQUIPMENT (continued)

	Computer Equipment \$	Total \$
At 30 June 2019		
At cost	4,059	4,059
Accumulated depreciation	(269)	(269)
	3,790	3,790
<i>Movements in carrying value</i>		
Year ended 30 June 2019		
Balance 1 July 2018	-	-
Additions	4,059	4,059
Disposals	-	-
Depreciation expense for the year	(269)	(269)
Balance at 30 June 2019	3,790	3,790

NOTE 12: TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
Trade creditors	27,993	8,989
Accrued expenses	15,570	22,940
PAYG withholding payable	-	3,521
	43,563	35,450

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13: CONTRIBUTED EQUITY

a. Share capital

	2020 \$	2019 \$
Fully paid ordinary shares - 32,750,003 (2019: 32,750,003)	4,733,874	4,733,874
Total share capital	4,733,874	4,733,874

b. Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
1 July 2018	Opening balance	5,000,003		100,003
10 July 2018	Seed Capital Issue Tranche #2	4,000,000	\$0.080	320,000
31 December 2018	Shares issued during IPO	22,500,000	\$0.200	4,500,000
31 December 2018	Consideration for Northern Territory tenements	375,000	\$0.195	73,125
31 December 2018	Consideration for Western Australian tenements	875,000	\$0.195	170,625
	Less Transaction costs	-	-	(429,879)
30 June 2019	Balance at 30 June 2019	32,750,003		4,733,874
	Movements for the year	-		-
30 June 2020	Balance at 30 June 2020	32,750,003		4,733,874

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.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13: CONTRIBUTED EQUITY (continued)

Share buy-back

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

Dividends

There were no dividends paid or declared during the year.

Capital risk management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company is not subject to any externally imposed capital requirements.

NOTE 14: RESERVES

	2020	2019
	\$	\$
a. Reserves		
Options	875,552	875,552
Movements:		
<i>Options</i>		
Opening balance	875,552	-
Share based payments (Note 15)	-	832,623
Options issued as consideration for tenement	-	42,873
Proceeds from listed options issued	-	56
Closing balance	875,552	875,552

Nature and purpose of reserves – options

The options reserve recognises the grant date fair value of options issued but not exercised.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: SHARE BASED PAYMENTS

During the year ended 30 June 2020, there were no share based payments.

During the year ended 30 June 2019, 5,975,000 options, which vested immediately, were issued to, were issued and recorded in the reserve at \$875,552 being the fair value on the grant date. Of that \$390,522 relates to remuneration to the Company's key management personnel (Note 22), \$42,873 relates to capitalised tenement acquisition costs (Note 10) and \$442,157 relates to constancy costs. The options have been valued by the Directors using the Black-Scholes option pricing model based on the following:

	Grant Date	Expiry Date	Exercise Price	Balance 01/07/18	Granted during the year	Exercised during the year	Expired or Change due to Resigning	Balance 30/06/19	Number vested and exercisable
Director Options	28/11/18	28/11/22	\$0.25	-	2,650,000	-	-	2,650,000	2,650,000
Broker Options	28/11/18	28/11/22	\$0.25	-	2,000,000	-	-	2,000,000	2,000,000
Lead Manager Options	28/11/18	28/11/22	\$0.25	-	1,000,000	-	-	1,000,000	1,000,000
Consideration Option	28/11/18	28/11/22	\$0.25	-	325,000	-	-	325,000	325,000
Total				-	5,975,000	-	-	5,975,000	5,975,000

	Director Options	Broker Options	Lead Manager Options	Consideration Options
Underlying value of the security	\$0.20	\$0.20	\$0.20	\$0.20
Exercise price	\$0.25	\$0.25	\$0.25	\$0.25
Grant date	28/11/18	28/11/18	28/11/18	28/11/18
Expiry date	28/11/22	28/11/22	28/11/22	28/11/21
Life of Options in years	4.00	4.00	4.00	3.00
Volatility	116%	116%	116%	116%
Risk free rate	2.18%	2.18%	2.18%	2.18%
Number of Options	2,650,000	2,000,000	1,000,000	325,000
Valuation per Option	\$0.1474	\$0.1474	\$0.1474	\$0.1319
Valuation	\$390,522	\$294,754	\$147,403	\$42,873

There were no shares issued during the year ended 30 June 2020. Weighted average share price in relation to shares issued during the year ended 30 June 2019 was \$0.15.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.16 years (2019: 3.16 years).

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 16: COMMITMENTS

a. Mineral exploration expenditure

The Company must meet the following tenement expenditure commitments to maintain its tenements in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments are not provided for in the financial statements and are as follows.

	2020 \$	2019 \$
Not later than one year	87,000	87,000
After one year but less than five years	125,830	348,000
	212,830	435,000

NOTE 17: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no contingent liabilities or contingent assets as at 30 June 2020 or at 30 June 2019.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, other than:

- On 6 August 2020, the Company announced it had entered into a binding terms sheet to acquire 100% of Goldview Metals Pty Ltd which holds 100% of the Island Gold Project (Proposed Transaction). The terms sheet is subject to conditions precedent including the Company obtaining shareholder approval for the Proposed Transaction.
- On 6 August 2020, the Company announced it had received firm commitments for a placement of \$1.6 million (before costs) at an issue price of \$0.18 per share for 8,888,889 shares, subject to shareholder approval.
- On 6 August 2020, the Company announced a non-renounceable pro-rata entitlement offer to eligible shareholders on the basis of 1 share for every 5.9 shares held at the record date at an issue price of \$0.18 per new share to raise up to approximately \$1.0 million (before costs).

NOTE 19: LOSS PER SHARE

	2020 \$	2019 \$
Loss per share from continuing operations attributable to the ordinary equity holders of the company:		
Basic/diluted loss per share in cents from continuing operations	(1.13)	(5.47)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	32,750,003	22,435,619
Basic/diluted loss from continuing operations	(369,505)	(1,226,824)

The 22,435,619 options on issue at 30 June 2020 (2019: 22,435,619) were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 20: CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations with loss after income tax

	2020	2019
	\$	\$
Loss after income tax	(369,505)	(1,226,824)
Non-cash flows in loss:		
Depreciation	990	269
Share based payments expense	-	832,623
Changes in assets and liabilities net of effects of purchase of subsidiaries:		
(Increase) in trade and other receivables	(976)	(2,543)
Decrease/(increase) in prepayments	6,496	(11,668)
Increase/(decrease) in trade and other payables	15,269	(19,417)
Net cash used in operating activities	(347,726)	(427,560)

b. Non cash financing and investing activities

The Company issued nil (2019: \$243,750) shares as part consideration for tenement acquisitions as detailed in Note 13.

NOTE 21: FINANCIAL INSTRUMENTS

Financial Risk Management

The Company's principal financial instruments are Cash and cash equivalents. Trade and other receivables, and Trade and other payables.

Overview

The Company has exposure to the following financial risks from their use of financial instruments:

- liquidity risk
- credit risk
- market risk (interest rate risk)

This note presents information about the Company's exposure to each of the above risks. The Company has no foreign exchange risk for 2020 or 2019 as the Company had no foreign currency transactions or balances.

Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established by the Board of Directors to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

	2020 \$	2019 \$
Financial Assets		
Cash and cash equivalents	3,256,442	3,866,329
Trade and other receivables	7,283	13,780
	<u>3,263,725</u>	<u>3,880,109</u>
Financial Liabilities		
Trade and other payables	43,563	35,450
	<u>43,563</u>	<u>35,450</u>

Liquidity Risk and Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives. The Board frequently reviews budget variance analyses that include working capital projections to monitor working capital requirements and optimise cash utilisation.

The Company continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The following are the contractual maturities of financial liabilities:

At 30 June 2020

	Weighted average interest rate %	Carrying Amount	Under 6 Months	6 – 12 Months	1 – 2 years	2 – 5 years
Non-derivative financial liabilities:						
Trade and other payables (Note 12)	-	43,563	43,563	-	-	-
		<u>43,563</u>	<u>43,563</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 30 June 2019

	Weighted average interest rate %	Carrying Amount	Under 6 Months	6 – 12 Months	1 – 2 years	2 – 5 years
Non-derivative financial liabilities:						
Trade and other payables (Note 12)	-	35,460	35,460	-	-	-
		<u>35,460</u>	<u>35,460</u>	<u>-</u>	<u>-</u>	<u>-</u>

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

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

Credit Risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Banks and financial institutions are chosen only if they are independently rated parties with a minimum rating of 'A'.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Market risk- Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2020	Weighted Average Interest Rate %	Floating Interest Rate \$	Fixed Interest Maturing in 1 Year or Less \$	Fixed Interest Maturing in over 1 Year \$	Non- Interest Bearing \$	Total \$
Financial Asset						
Cash and cash equivalents	0.04	3,256,442	-	-	-	3,256,442
Trade and other receivables	-	-	-	-	7,283	7,283
Financial Liabilities						
Trade and other payables	-	-	-	-	(43,563)	(43,563)
Net Financial Assets		3,256,442	-	-	(36,280)	3,220,162

CAPRICE RESOURCES LTD
ABN 96 624 970 725

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

2019	Weighted Average Interest Rate %	Floating Interest Rate \$	Fixed Interest Maturing in 1 Year or Less \$	Fixed Interest Maturing in over 1 Year \$	Non- Interest Bearing \$	Total \$
Financial Asset						
Cash and cash equivalents	1.76	232,419	3,633,910	-	-	3,866,329
Trade and other receivables	-	-	-	-	13,780	13,780
Financial Liabilities						
Trade and other payables	-	-	-	-	(35,450)	(35,450)
Net Financial Assets		232,419	3,633,910	-	(21,670)	3,844,659

The following tables summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk:

2020	Carrying Amount \$	-1% Profit \$	Equity \$	+1% Profit \$	Equity \$
Cash and cash equivalents	3,256,442	(32,564)	(32,564)	32,564	32,564
Total increase/(decrease)		(32,564)	(32,564)	32,564	32,564

2019	Carrying Amount \$	-1% Profit \$	Equity \$	+1% Profit \$	Equity \$
Cash and cash equivalents	3,866,329	(38,663)	(38,663)	38,663	38,663
Total increase/(decrease)		(38,663)	(38,663)	38,663	38,663

Financial risk management objectives

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

Risk management is carried out by the Board of Directors. These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits.

CAPRICE RESOURCES LTD**ABN 96 624 970 725****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****NOTE 22: INTERESTS OF KEY MANAGEMENT PERSONNEL**

Refer to the remuneration report contained in the Directors' Report for additional details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the year ended 30 June 2020.

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

	Short-Term Benefits \$	Post-Employment Benefits \$	Termination Payments \$	Share-Based Payments \$	Total KMP Compensation \$
2020 Total	108,000	2,280	-	-	110,280
2019 Total	73,000	1,330	-	390,522	464,852

Other KMP Transactions

For details of other transactions with KMP, refer to Note 23 Related Party Transactions and Balances.

NOTE 23: RELATED PARTY TRANSACTIONS AND BALANCES

The Company's only related entities are the key management personnel. Key management personnel are any people having authority and responsibility for planning, controlling and directing the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). The Company has determined that the only key management personnel are the directors and company secretary.

Bellanhouse Legal received \$20,098 (2019: \$161,084) during the year for the provision of legal services in relation to general legal matters. Bellanhouse Legal was a related party of Non-Executive Chairman, Bryn Hardcastle.

Due to the COVID-19 pandemic, the directors agreed to defer director fees payable as part of a strategy to conserve the Company's cash balance. As at 30 June 2020, the following amounts, which are included in trade and other payables in the financial statements, were owed to the directors or their related entities in relation to director fees:

	Director fees due but not paid as at 30 June 2020 \$	Director fees due but not paid as at 30 June 2019 \$
Mr Bryn Hardcastle	¹ 6,600	-
Mr David Church	² 6,570	-
Mr Scott Patrizi	¹ 9,900	-
Total	23,070	-

¹ Includes GST

² includes superannuation entitlement on director fees

All transactions with related parties have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

CAPRICE RESOURCES LTD
ABN 96 624 970 725

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Caprice Resources Ltd, the Directors of the Company declare that:

1. 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;
2.
 - a. the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
 - b. the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2020 and of the performance for the year ended on that date;
3. In the Directors' opinion 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.



Bryn Hardcastle
Non-Executive Chairman

Dated this 12th day of August 2020

RSM Australia Partners

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www.rsm.com.au**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CAPRICE RESOURCES LTD****Opinion**

We have audited the financial report of Caprice Resources Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

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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 this matter
Exploration and evaluation assets Refer to Note 10 in the financial statements	
<p>The Company has capitalised exploration and evaluation expenditure with a carrying value of \$714,528 at the reporting date.</p> <p>We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:</p> <ul style="list-style-type: none"> • Determining whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present at the reporting date and if so, judgement applied to determine and quantify any impairment loss; and • Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined. 	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Company has valid rights to explore in the areas of interest; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Enquiring with management and reviewing budgets to test that the Company will incur substantive expenditure for each area of interest in the future; • Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined; and • Assessing and evaluating management's assessment that no indicators of impairment existed at the reporting date.

Other Information

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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/ar2.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 the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Caprice 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.

RSM
RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 12 August 2020

ALW
ALASDAIR WHYTE
Partner

ASX Additional Information

Shareholder Information

The following information is based on share registry information processed up to 28 October 2020.

Distribution of Fully Paid Ordinary Shares

The number of holders, by size of holding, for fully paid ordinary shares, including shares subject to escrow, in the Company is:

Spread of Holders	Number of Holders	Number of Shares
1 - 1,000	30	6,559
1,001 - 5,000	131	415,005
5,001 - 10,000	93	743,505
10,001 - 100,000	346	14,313,386
100,001 and over	125	50,609,882
Total	725	66,088,337

There are 34 holders of unmarketable parcels comprising a total of 10,860 ordinary shares amounting to 0.02% of issued capital.

Substantial Holders

The Company notes there is one substantial securityholder, Mr Victor Michael Caruso, who holds 11,557,543 shares representing 17.49% of issued capital.

Twenty Largest Holders of Quoted Shares

	Shareholder	Number Held	%
1	Victor Michael Caruso	9,604,606	15.62
2	Victor Michael Caruso <Island Gold A/C>	1,952,937	3.18
3	Horizon Investment Services Pty Ltd <The Horizon Investment A/C>	1,313,889	2.14
4	Silverpeak Nominees Pty Ltd <The RGM Hill A/C>	1,093,416	1.78
5	Rod Dog Pty Ltd	1,000,208	1.63
6	Two Tops Pty Ltd	950,000	1.54
7	Shrewsbury Ltd	877,120	1.43
8	Mr Scott David Deakin <Deakin Family A/C>	753,019	1.22
9	Kingarth Pty Ltd	722,222	1.17
10	Evans Leap Holdings Pty Ltd <Evans Leap Holdings A/C>	707,821	1.15
11	6466 Investments Pty Ltd	670,170	1.09
12	Citicorp Nominees Pty Limited	666,740	1.08
13	Mr Phillip Richard Perry & Mrs Tetyana Perry <Doneska Super Fund A/C>	633,422	1.03
14	Klosters Holdings Pty Ltd <Milbon Holdings A/C>	600,000	0.98
15	Highland Company Pty Ltd <Highland A/C>	589,173	0.96
16	Lipkin Pty Ltd <Changeling A/C>	580,230	0.94
17	Lipkin Pty Ltd <Manna Fund A/C>	564,223	0.92
18	National Nominees Limited	555,556	0.90
19	Capeway Holdings Pty Ltd <Barron S/F A/C>	528,253	0.86
20	Mr Kimberley Ross Gartrell & Mrs Jennifer Margaret Gartrell <K&J Gartrell Super Fund A/C>	526,272	0.86
Total		24,889,277	40.47

There are 61,494,088 ordinary fully paid shares currently listed and trading on the Australian Securities Exchange held by 718 shareholders. There is no current on-market buy back taking place.

There are 4,594,249 ordinary fully paid shares held by 18 shareholders subject to escrow until 5 December 2020 being 24 months from the Company listing on the Australian Securities Exchange. The Company will seek quotation of these shares at the end of the escrow period.

Voting Rights - Fully Paid Ordinary Shares

Every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid share.

Unquoted Equity Securities

Quantity	Class	Number of Holders
4,594,249	Ordinary shares escrowed until 5 December 2020	18
2,650,000	Options exercisable at \$0.25 each on or before 28 November 2022 escrowed until 5 December 2020	3
325,000	Options exercisable at \$0.25 each on or before 28 November 2021	6
2,175,000	Options exercisable at \$0.25 each on or before 28 November 2021 escrowed until 5 December 2020	13
325,000	Options exercisable at \$0.25 each on or before 6 October 2023	1

Holders of Unquoted Securities Holding More than 20% of Each Class

Class	Holder	Number
Ordinary shares escrowed until 5 December 2020	Discovery Services Pty Ltd	1,125,000
Options exercisable at \$0.25 each on or before 28 November 2021 escrowed	Nascent Capital Partners	911,111
Options exercisable at \$0.25 each on or before 28 November 2021 escrowed until 5 December 2020	Valtellin Pty Ltd	2,000,000
Options exercisable at \$0.25 each on or before 28 November 2022 escrowed until 5 December 2020	Mr Shane Corbett	82,719
	Cameron Patrick Lea Clohessy	89,541
	Samuel Radford Moyle	117,777
Options exercisable at \$0.25 each on or before 6 October 2023	Victor Michael Caruso	325,000

Schedule of Mining Tenements

Project	Licence Number	Location	Interest
Wild Horse Hill	EL 30951	Northern Territory	100%
	EL 30964	Northern Territory	100%
Northampton	E 66/98	Western Australia	100%
	E 66/99	Western Australia	100%
Island Gold Project	M 21/66	Western Australia	100%
	M 21/140	Western Australia	100%
	E 21/186	Western Australia	100%

Use of Funds

In accordance with Listing Rule 4.10.19, the Company advises that it has used its cash and assets in a form readily convertible to cash that it had at the time of admission to ASX in a way consistent with its business objectives as set out in the replacement prospectus dated 2 November 2018. This statement refers to the time between the Company's admission to ASX and the end of the reporting period, being 30 June 2020.

Company Secretary

Ms Oonagh Malone

Registered Office

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Share Registry

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126 Phillip Street, Sydney NSW 2000

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