



Centennial Mining Limited
(Subject to Deed of Company Arrangement)
ABN: 50 149 308 921

Annual Report
30 June 2018



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Corporate Information

Centennial Mining Limited (Subject to Deed of Company Arrangement)

ABN 50 149 308 921

Directors

Dale Rogers – Executive Chairman (terminated 17 March 2020)
Anthony Gray – Non-Executive Director
Jamie Cullen -- Non-executive Director (resigned 21 June 2018)

Company Secretary

Dennis Wilkins

Registered Office

C/- KordaMentha
Level 10, 40 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9220 9333

Principal Place of Business

A1 Gold Mine
Woods Point Road
MANSFIELD VIC 3722
Telephone: +61 3 5777 8125

Website

www.centennialmining.com

Share Registry

Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone 1300 992 916
Facsimile +61 8 9315 2233

Bankers

ANZ Bank
190 Auburn Street
GOULBURN NSW 2580

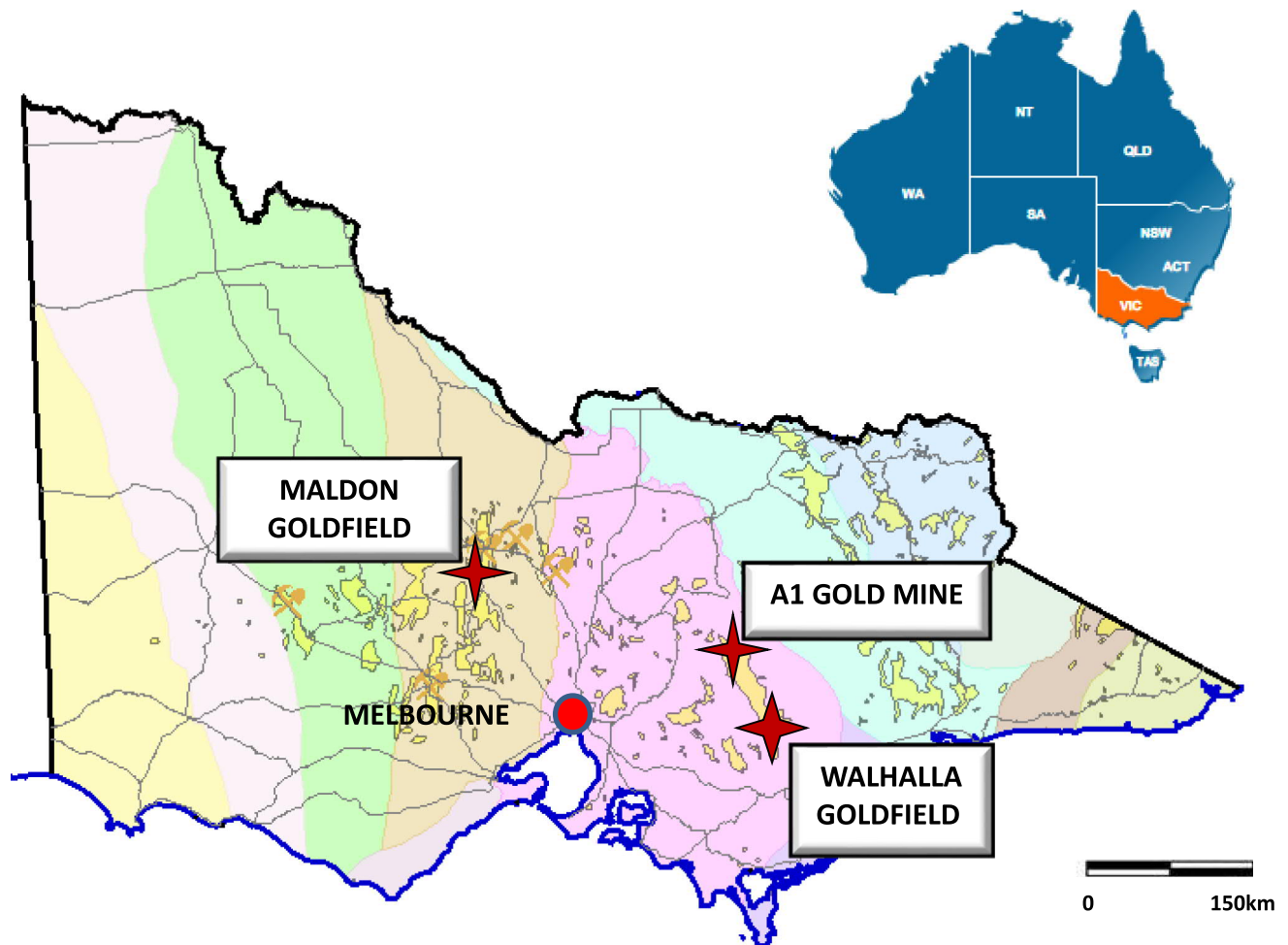
Auditors

BDO Audit (WA) Pty Ltd
38 Station Street, Subiaco
PERTH WA 6008

Review of Operations

Centennial Mining Limited (Subject to Deed of Company Arrangement)¹ is an emerging junior gold producer that is developing and producing from the A1 Underground Gold Mine near Woods Point and Union Hill Underground Mine at Maldon in Victoria. Mined ore is trucked to the Company's Porcupine Flat CIL gold processing facility, near Maldon.

Location of Projects



Centennial is pleased to report its activities for the year ended 30 June 2018.

¹ Named through out this report as either Centennial Mining Limited or the Company

Corporate Strategy

The short term strategy of the Company is to develop and mine gold from the A1 and Union Hill underground mines with the aim of producing +25,000 oz gold per annum, targeting All in Sustaining Costs below A\$1,000 per oz to generate free cash of circa \$15 million per annum.

The Company's medium term strategy is to increase the Mineral Resource and Ore Reserves at the A1 Mine with drilling to establish a long term profitable mining operation.

The longer term strategy is for further increases in gold production through exploration success or acquisition and to grow the Company's market capitalisation significantly.

Year in Review

Following the declaration of Commercial Production at the start of the Financial Year, Centennial Mining Limited has made significant capital investment in its mine and mill infrastructure to position the Company for future growth. This investment has cumulated in the main Decline at the A1 Gold Mine being extended deeper, past the majority of historic mine workings, to the top of the Victory North area. The Victory North area presents a sizeable long hole stoping opportunity at the top of the Magenta Zone and is the first of several long hole stoping blocks (including Mahoneys and Queens) that are expected to generate the bulk of gold production in the coming years.

To support this investment in the A1 Gold Mine, major advances in crushing and processing at the Porcupine Flat CIL gold plant have demonstrated the ability to achieve +160,000 tonnes per annum processing rates, with gold recovery averaging 90% for the year. These advances in processing, combined with replacement of the mill gearbox and expansion of the tailings storage facility, place the Company well for future production.

Processing for the year was a total of 129,017 tonnes grading 3.9 g/t Au to produce 14,759 ounces of gold for revenue of \$24.7 million.

Operating costs were in line with expectations, however the Company's operations were impacted by lower tonnes and gold grade mined than expected. This was primarily due to delays accessing the Victory North long hole stoping area. This delay was the result of a change in design to access the Victory North area 20 metres deeper being required, following additional drilling of the planned top level of mining, and delays in the development of the A1 Mine decline, caused by difficult ground conditions. These delays, in turn delayed first long hole stope production from the Victory North area by several months. To fill this gap in production the Company temporarily focussed production onto the Alliance South Zone at the Union Hill Gold Mine in Maldon, which produced lower gold grades than expected because of the interaction with old, previously mined stopes.

These impediments to Centennial's cash flow, at a time of significant capital investment, resulted in the Company not being able to fully fund the repayment of Convertible Notes due at the end of June 2018. Recognising this potential issue, negotiations for alternative financing commenced early in 2018 however failed to reach a transaction. Consequently, (post reporting period) the Company attempted to renegotiate an extension to the Convertible Notes and ultimately accepted an unsecured short term loan from its largest shareholder group, Gandel Metals Pty Ltd, to repay the Notes.

Centennial Mining Limited was removed from trading on the ASX on 28 August 2019 as it works to refinance its business. Refer to Note 23: Events After the Reporting Period.

The Company's path to future profitability will be built upon the past years of significant capital investment in mine and mill infrastructure and utilise underground diamond drilling (funded by the upcoming capital raising) to upgrade geological confidence in the A1 Mine Mineral Resource and thus provide certainty in mined tonnes and gold grade. In addition, the Company is investigating several business development opportunities to provide a step change in its potential profitability including ore sorting and onsite gravity separation.

	Sept' Q 2017	Dec' Q 2017	Mar' Q 2018	Jun' Q 2018	TOTAL
Tonnes	23,735	30,356	34,641	40,285	129,017
Grade (g/t Au)	4.8	3.6	4.6	3.0	3.9
Recovery (%)	90.7	86.1	91.9	89.6	89.7
Gold Production (oz Au)	3,590	2,957	4,732	3,480	14,759
Gold Price (\$/oz Au)	1,616	1,657	1,696	1,723	1,675
Gold Revenues (\$m)	5.8	4.9	8.0	6.0	24.7

In summary, the highlights achieved during the September 2017 Quarter were:

Corporate

- ❖ Commercial Production declared at the A1 Gold Mine
- ❖ Executive Team recruited

A1 Gold Mine

- ❖ Folly's North long hole stope identified
- ❖ Magenta Zone Exploration Target identified
- ❖ Victory North, part of Magenta Zone drilled

Maldon Gold Operation

- ❖ Development of Union Hill Gold Mine (Maldon) reached 1060L of Alliance South Zone
- ❖ Black Reef (Whela) Open Cut Feasibility undertaken and mining permitted
- ❖ Positive economic assessment completed on Nuggetty Underground Mine (Maldon)

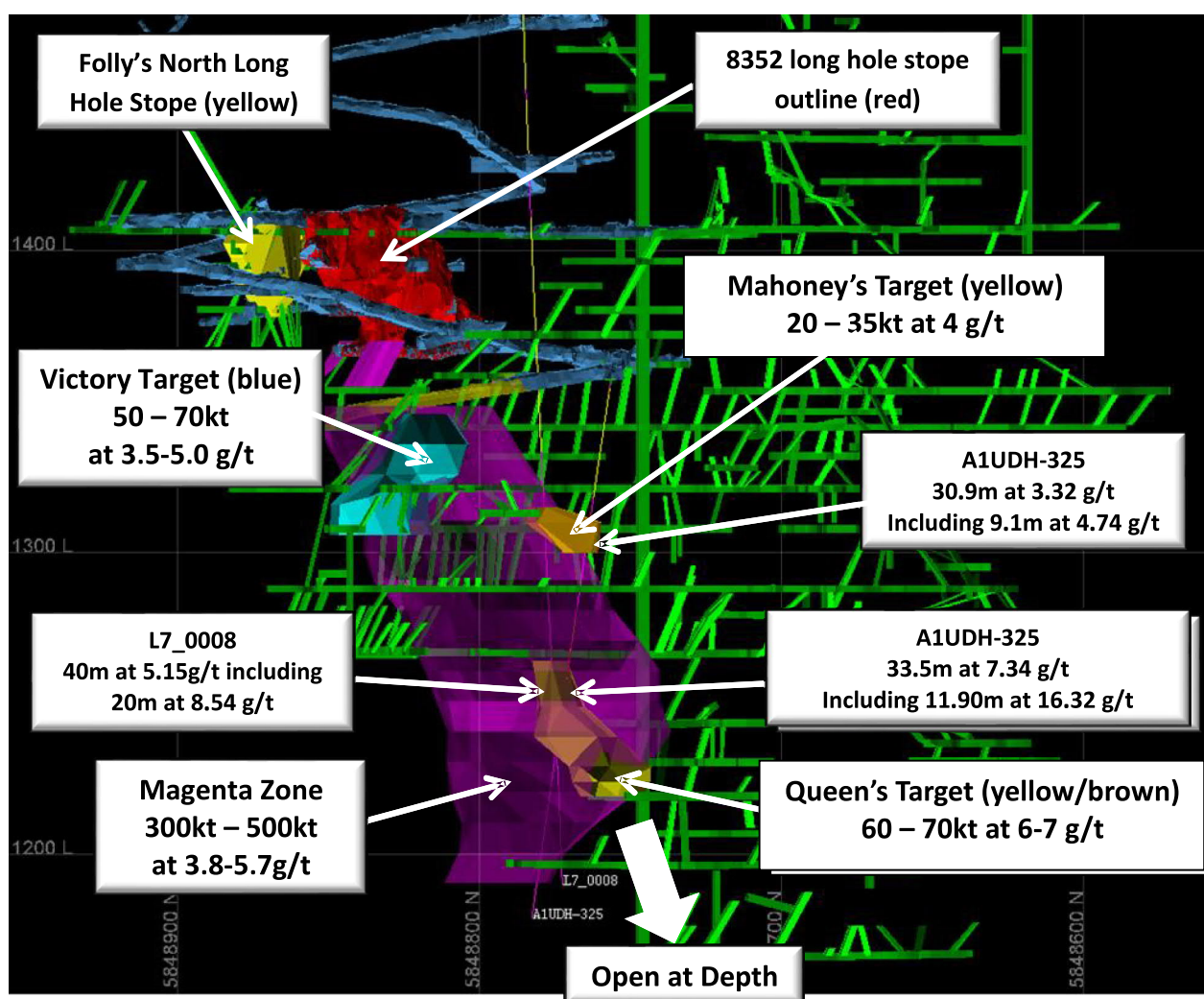


Figure 1. Long Section showing the Magenta Zone and relationship of Victory North, Mahoney's and Queen's Exploration Targets.

*"A near-development Exploration Target of approximately 300,000 to 500,000 tonnes grading in the range of 3.8 to 5.6 g/t Au was identified within a broader mineralised zone referred to as the **"Magenta Zone"**. The potential quality and grade of this Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource (refer to CTL ASX Announcement dated 10 October 2017)."*

Highlights for the December 2017 Quarter were:

- ❖ Porcupine Flat Processing Plant throughput increased over 60%
 - Replacement mill gearbox installed enabling throughput to increase ~15%
 - Secondary crusher trial commenced increasing throughput a further ~45%
- ❖ Development of Folly's North Long Hole Stope at the A1 Gold Mine completed and mining commenced
- ❖ The top two stoping levels of Victory North (part of Magenta Zone) drilled with indications of the block continuing at depth
- ❖ Development towards Victory North Long Hole Stope progressed during the Quarter
- ❖ Development of the Union Hill Gold Mine (Maldon) continued on the 1060L of Alliance South Zone
- ❖ Mechanised stoping scheduled to commence at Union Hill in March Quarter



Figure 2. Secondary 'Cone' Crusher, screen and grizzly, Porcupine Flat Processing Facility.

"The introduction of a secondary crusher enabled the mill to be converted back to its designed operational parameters, from a semi-autogenous mill to a ball mill. This had an immediate and significant impact on the throughput of the Porcupine Flat Mill with an increase of a further ~50%. The mill has now demonstrated the capability of milling at rates in excess of 24 tonnes per hour, instant, with further potential through optimisation. This equates to increasing annual milling capacity from ~110,000tpa to in excess of 160,000tpa."

Highlights for the March 2018 Quarter were;

- ❖ Gold deliveries of 4,732 ounces for the Quarter was an increase of over 60% compared to the December 2017 Quarter
- ❖ Revenue for the March Quarter was \$8 million, an increase of over 60% compared to the December 2017 Quarter
- ❖ Record Quarterly throughput at the Porcupine Flat Processing Facility
- ❖ Mechanised open stoping commenced at the Union Hill Gold Mine in the Alliance South Zone
- ❖ Ramp up of mining at Union Hill demonstrates the capacity to achieve +160,000 tpa ore processing from the Company's current mines
- ❖ Mill recoveries improved to average 91.9% for the Quarter, one of the highest Quarters on record
- ❖ Drilling above the 1060L at Union Hill indicated a larger stoping block than previously expected
- ❖ Development at the A1 Gold Mine accessed the historic Victory stope and hand-held mining commenced. Historic mined gold grades for the Victory stope exceeded 1 ounce per tonne over a +10 year period
- ❖ Structural analysis has led to the delineation of parallel high-grade gold in both the hanging-wall and footwall of the historic Victory Stope with mining commencing at the 1355 RL
- ❖ Mining commenced on the historic 14 level at the A1 Gold Mine, adjacent to the South Shaft, in an overlooked but highly prospective mineralised structural setting that is open to the south
- ❖ Jumbo development in this area increased ore production and established a drill platform to test the area

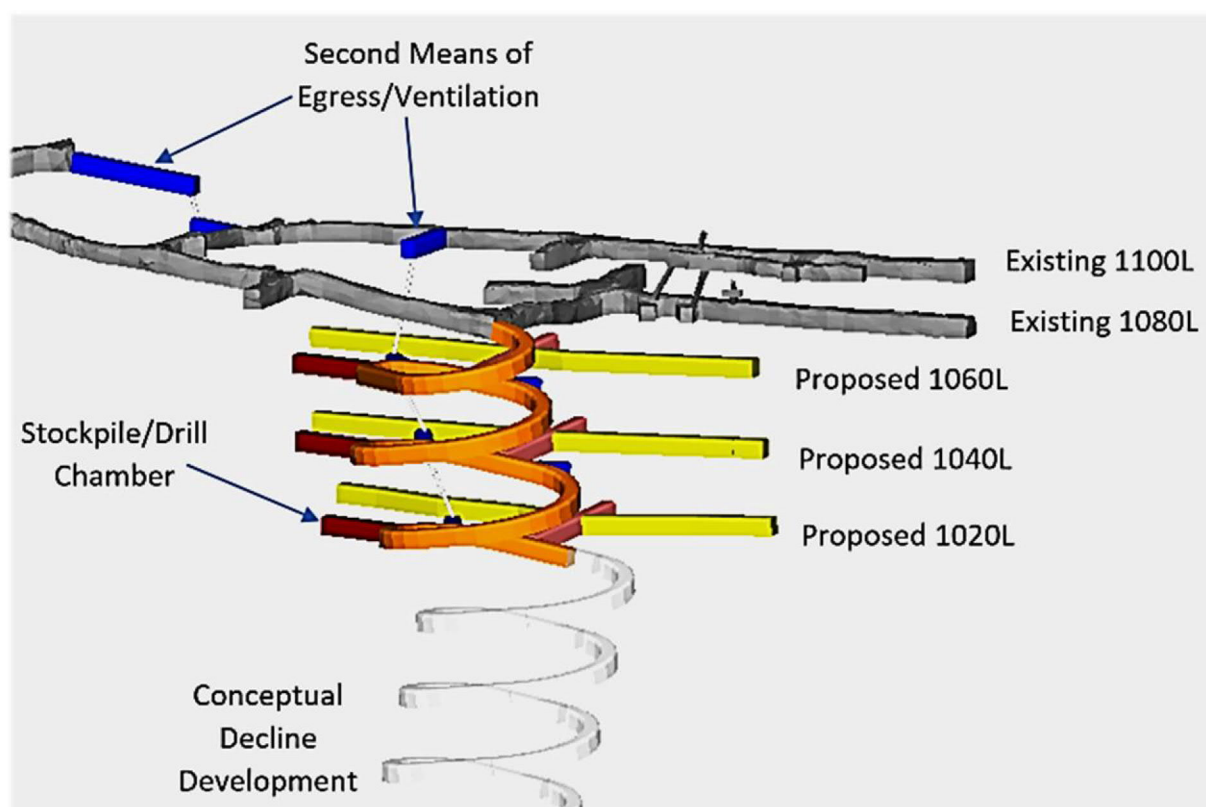


Figure 3. Long Section (Looking East) of Union Hill Mine showing existing Decline, 1100 and 1080 Level strike Drives (Grey). Decline Design (orange) and design of the first three strike drives (yellow) on the 1060, 1040 and 1020 Levels

Highlights for the June 2018 Quarter were:

- ❖ Mill throughput of +40,000 tonnes for the Quarter was a new record for the operation and exceeded the previous record by 16%
- ❖ Mill throughput of +4,000 tonnes for a week in early June exceeded the previous weekly throughput record
- ❖ Following many months of Decline development towards the higher-grade Victory North block, at the A1 Gold Mine, the area was intersected in early July, subsequent to the end of the Quarter
- ❖ First milling results, in July, from the Victory North development ore exceeded expectations with grades between 5.0 g/t Au and 7.0 g/t Au
- ❖ Development towards Victory North was slowed in previous Quarters due to ground control issues. During the June Quarter Centennial acquired shotcreting machinery to become self-sufficient with this form of ground support
- ❖ Significant portions of the main Decline at the A1 Gold Mine were shotcreted to reduce the risk and potential for further delays arising from ground control issues
- ❖ The Tailings Storage Facility expansion project, commenced in January, was completed at the Porcupine Flat gold processing facility, near Maldon
- ❖ Geological review of the structures at the Union Hill Gold Mine, near Maldon, found that previous mining (several years ago) had not focussed on the higher grade structure
- ❖ Mechanised stoping continued at Union Hill in the Alliance South Zone, however dilution caused by incorrectly placed voids from previous mining negatively impacted grades
- ❖ Gold deliveries for the Quarter were 3,480 ounces yielding revenue of \$6 million.



Figure 4. Southern Wall lift and tailings operation of TSF at Porcupine Flat.

"The Porcupine Flat Tailings Storage Facility ('TSF') lift and expansion project was completed during the first half of 2018. The project involved lifting the existing tailings dam walls by ~2 metres on average and expanding the footprint from around 4.2 ha to 7.0 ha. The finished lift will provide tailings storage capacity into the second half of 2019. A further 3 metres of height is currently approved, which should provide enough storage capacity to last into the second half of 2021 at current expected milling rates."

Summary of tenements

Tenement	Equity	Status	Company
Woodspoint - Walhalla Goldfield (Victoria)			
MIN5294	100%	Granted	A1 Consolidated Gold Ltd
Maldon Goldfield (Victoria)			
MIN5146	100%	Granted	Maldon Resources Pty Ltd
MIN5528	100%	Granted	Maldon Resources Pty Ltd
MIN5529	100%	Granted	Maldon Resources Pty Ltd

Resources & Reserves Statement

The following statement of Mineral Resources and Ore Reserves conforms to the Australasian Code for Reporting Exploration, Mineral Resources and Ore Reserves (**JORC Code**) 2012 Edition (other than the Eureka Mineral Resources, which are reported under the JORC Code 2004 Edition – refer to Note 5 below). All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Mineral Resources

Mineral Resources Estimate at 30 June 2018.

	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
A1 Gold Mine¹	-	-	-	209	5.3	36	1,051	6.3	213	1,260	6.1	249

Note 1. The information in this report that relates to A1 Gold Mine Mineral Resources is extracted from the Company's ASX announcement dated 7 November 2018 and entitled 'A1 Gold Mine Updated Mineral Resource Estimate' and is available to view on the Company's website.

During the reporting period a total of 129Kt of ore was mined from the A1 Gold Mine and Union Hill Gold Mine via a combination of air leg and long hole stoping methods. The Union Hill Gold Mine does not contain a Mineral Resource to JORC 2012 reporting standards.

Ore Reserves

The Company did not hold any Ore Reserves at 30 June 2018 or 30 June 2017.

Discussion

The difference between Centennial Mining's 2017 and 2018 Resources and Reserves statements is primarily due to mining depletion at the A1 Gold Mine. The Mineral Resource at the A1 Gold Mine has been depleted by 29koz. The Pearl Croydon Deposit was depleted by 4koz due to a re-estimate of the London Hill area of the deposit.

Governance Arrangements & Internal Controls

Centennial Mining Limited maintains an internally audited drilling database for all projects at its A1 Gold Operation and Maldon Gold Operations that is backed up on a regular basis. Company geologists are responsible for collecting drilling data and entering it into the drilling database and the Exploration Manager is responsible for the auditing and integrity of the drilling database.

Interpretation of drilling data is supported by detailed surface geological mapping, open pit mine mapping, and underground mine mapping.

Directors' Report

Your directors submit the annual financial report of the Group consisting of Centennial Mining Limited (“**Centennial**” or “**Company**”) and the entities it controlled for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows:

Dale Rogers (Executive Chairman), terminated 17 March 2020:

BEng (Hons)

Mr Rogers is a mining engineer with over 30 years' experience in the industry and a strong operating and technical background, having experience in operations management, project development and start-ups, project optimisation, improvement programmes and organisational development. His working experience includes operational roles from underground miner to operations manager level in the gold industry being responsible, at one time, for management through to profit and loss of gold operations encompassing three operating mills, processing a combined total of +4 million tonnes per annum, and being fed by three underground and five open cut gold mines.

Mr Rogers has been responsible for the commencement and development of half a dozen underground mines and a similar number of open cut mines in Australia and overseas.

In addition to his operational experience, he has managed scoping and bankable feasibility studies and subsequently been responsible for financing, construction and development of several projects. Mr Rogers also has experience in debt and equity raising, toll treatment agreements, negotiating off-take agreements and mezzanine financing, IPO's, risk management, shareholder and stakeholder relations, government liaison and project approvals, negotiation of development, finance and taxation agreements, mergers, takeovers, acquisitions and divestments, joint ventures and valuations. Mr Rogers is a member of the Group's audit committee.

Mr Rogers was Managing Director of a junior resources Company when it went from a market capitalisation of \$40m to just under \$1.0bn over a period of four years. He was the founding Chairman of Primary Gold Limited and Phoenix Gold Limited, acquired by Evolution Mining in 2016.

Directorships held in other listed entities during the last three years:

Formerly a director and Chairman of Primary Gold Ltd and Phoenix Gold Ltd.

Anthony Gray (Non-Executive Director):

BSc (Hons) Geology MAIG

Mr Anthony Gray is a geologist with over 20 years' experience working in the public and private sectors of the Australian mining industry. His experience ranges across mineral exploration, investment analysis, project and corporate transactions, mine development and fundraising.

During his career Mt Gray has explored for greenstone and slate belt hosted orogenic gold deposits, nickel sulphide and laterite deposits, and porphyry copper-gold deposits. He is a member of the Australian Institute of Geoscientists and a Competent Person, as defined by the JORC Code 2012, for the reporting of Exploration Results and Mineral Resources for a number of styles of gold and base metal deposit. Mr Gray is a member of the Group's audit committee.

Directorships held in other listed entities in the last three years:

Formerly the Managing Director of Octagonal Resources Ltd.

Jamie Cullen (Non-Executive Director), resigned 21 June 2018:

BCom CA FFIN FAICD AGIA ACIS

Mr Jamie Cullen is Managing Director of Pacific Energy Ltd, a specialist provider of mine site power listed on the ASX. Prior to joining Pacific Energy Ltd in 2015, Mr Cullen spent approximately 20 years as Managing Director of two listed companies, each commencing in microcap space and growing significantly in market capitalisation before being taken over (PCH Group Ltd from \$1m to \$260m and Resource Equipment Ltd from less than \$5m to \$115m). He has extensive commercial and practical experience in growing businesses domestically and internationally, both organically and through acquisitions.

Mr Cullen is a qualified chartered accountant, has considerable financial and corporate governance experience and has served as a director of several listed companies. Mr Cullen was the chairperson of the Company's audit committee until the date of his resignation.

Directorships held in other listed entities in the last three years:

Currently a director of Pacific Energy Ltd, formerly a director of Resource Equipment Ltd.

Company Secretary

Dennis Wilkins

B.Bus ACIS, AGIA

Mr Dennis Wilkins is an accountant who has been a director, company secretary and/or acted in a corporate advisory capacity to listed resource companies for over 20 years. Mr Wilkins previously served as the Finance Director and Company Secretary for a mid-tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience.

Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DW Corporate which provides advisory, funding and administrative management services to the resource sector. He is a former director of the Company from 24 November 2014 to 11 May 2015.

Interests in the securities of the Company and related bodies corporate

The following relevant interests in securities of the Company or a related body corporate were held by the directors or their immediate family as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of convertible notes
Anthony Gray	1,895,090	4,601,014	Nil

Principal Activities

The principal activities of the Company during the year were gold exploration, development and production mining activities within central and eastern Victoria.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Operating Results for the Year

The operating loss after income tax of the Company for the year ended 30 June 2018 was \$8,318,780 (2017: \$1,608,653). Summarised operating results are as follows:

	2018		2017	
	Revenue	Results	Revenue	Results
Revenues and (loss) after income tax expense	\$24,739,944	\$(8,318,780)	\$306,118	\$(1,608,653)

Significant Changes in the State of Affairs

During November 2017 the Company closed an oversubscribed Share Purchase Plan (SPP) and proceeded with a top-up placement via an underwriting agreement with Patersons Securities Limited. The top-up placement occurred in two tranches which completed in March 2018. The total number of shares issued through the SPP and top-up placement was 338,989,324 raising a total of \$3,928,161 before costs.

The Company has seen increased production as a result of record mining and milling tonnage. The Company has realised total gold and silver sales for the year of \$24,739,944. As a result, the Board views the transition from pre-production to full commercial production appropriate from 1 July 2017.

Matters Subsequent to the End of the Financial Year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The convertible notes of \$2,500,000 were repaid on 10 August 2018 through short-term loan funding of \$2,171,272 and internally generated funds of \$328,728. One of the providers of the short-term funding repaid \$2,000,000 of the \$2,500,000 convertible notes directly to the convertible note holder on behalf of the Company. This short-term funding was repayable on 9 February 2019. Further short-term funding totalling \$1,465,000 was obtained during the period, of which \$225,000 was repayable on 20 December 2018, with the balance due in August 2020. Short-term loans total \$3,636,272 and are governed by loan agreements which are subject to covenant clauses standard for this type of financial arrangement. The loans earn interest of 12.5% per annum. These loans are secured by a PPSR registration over the assets of the A1 Mine.

A further short-term loan of \$1,500,000 was provided to the Company repayable 15 business after the DoCA (see below) is entered into or upon the DoCA not obtaining the required majority of votes, is defeated, or otherwise not carried by the creditors of the Company. Interest is payable on this loan at 15% per annum and the facility includes a 10% exit and entry fee, repayable at repayment date.

The Company obtained approval from ASIC to extend the time to hold the 2018 Annual General Meeting (AGM) of shareholders.

The Company explored a number of options to recapitalise, which included a debt for equity swap with creditors, combined with a Rights Issue. Pivotal to that proposal was the support of the largest creditor and shareholder. That support was outlined in the proposal announced in late February 2019. Discussions with trade creditors and some of the secured lenders indicated tacit support for the plan, however, the largest lender and creditor of Centennial informed the Company that they required the repayment of their loans. Following this notification and confirmation the board placed the Company into voluntary administration on 22 March 2019.

Voluntary administration and deed administration

Details surrounding the appointment of Voluntary Administrators and Deed Administrators of the subsequent deeds of company arrangements ('DoCAs') are provided below.

Appointment of voluntary administrators

On 21 March 2019, Richard Tucker, John Bumbak and Leanne Chesser were appointed as the joint and several Voluntary Administrators of the Company and its full owned subsidiary, Maldon Resources Pty Ltd (Both defined as the 'Group') ('Voluntary Administrators') and assumed control of the Group's operations.

Upon their appointment, the Voluntary Administrators immediately reviewed the Group's operations in order to ascertain whether they should:

- ❖ continue to trade the Group on a business as usual basis;

- ❖ modify the manner in which the Group's businesses operated, by undertaking a selective/limited mining program; or
- ❖ cease trading the Group's businesses, shutting down the mine and undertaking a care and maintenance program.

The result of the Voluntary Administrators' review was that the limited mining program over 14 weeks provided the lowest net funding requirement (as it allowed for revenue to be generated from gold sales) – (\$0.17 million surplus) when compared to the forecast trading loss on a care and maintenance basis over 14 weeks of a \$1.06 million trading loss and allowed the Group's assets to be preserved to maximise the value of its assets.

First DoCA

At meetings of creditors held on 17 May 2019, the Group's creditors resolved that Avior Consulting Pty Ltd's ('Avior') DoCA proposal received on 1 May 2019 be accepted and the Group enter into a DoCA ('First DoCA'). The Voluntary Administrators became the Deed Administrators ('Deed Administrators').

On 7 June 2019, the First DoCA was executed by the Deed Administrators and Avior. A detailed overview of the First DoCA is included in the Administrators' Report dated 10 May 2019. For reference, a high-level overview is as follows:

New money of \$8.5 million would be raised via a capital raising with \$3.85 million of this being made available to the Creditors' Trust and \$4.65 million available for future working capital of the Group.

Employee entitlements for continuing employees of the Group would be preserved in full and employee entitlements for employees whose employment had been terminated was expected to be paid in full.

Creditors would be dealt with in separate classes.

Varied DoCA

On 8 July 2019 the Deed Administrators received correspondence from Avior advising that it was their opinion that the First DoCA could not be completed due to an inability to raise the capital under the terms of the First DoCA and as such a variation would be required. Avior required an alternate method to raise capital due to unforeseen external economic conditions, including but not limited to:

- ❖ An introduction of royalties on gold production charged by the Victorian State Government in January 2020;
- ❖ Various high-profile trading issues in the Australian gold sector; and
- ❖ Introduction of a new DoCA contributor.

On 16 August 2019 a varied DoCA proposal was received from Avior ('Varied DoCA Proposal'). As a result of the material nature of the variations to the First DoCA, creditor approval was required. Accordingly, the Deed Administrators convened meetings of creditors on 27 August 2019 where the creditors resolved that Avior's Varied DoCA Proposal be accepted and the Group enter into the DoCA ('Varied DoCA'). The Deed Administrators remained the Deed Administrators.

The Varied DoCA was executed on 27 September 2019 by the Deed Administrators and Avior.

An overview of the Varied DoCA is as follows:

New money of \$5.65 million to be raised via capital raisings by Centennial (\$1.25 million) and Austar (\$4.4 million). \$3.65 million of this raising would be made available to the Creditors' Trust of which \$1.4 million would be paid to creditors in full and final settlement of their claims and \$2.25 million made available for the Voluntary Administrators' and Deed Administrators' trading costs, fees/disbursements and legal costs. Austar would retain \$2.0 million of cash.

Court approval under section 444GA of the Corporations Act 2001 ('the Act') would be required to transfer the shares from current Centennial shareholders to participating creditors as per the terms of the Varied DoCA.

Prior to effectuation of the Varied DoCA, the Group and Austar Gold Limited ('Austar') would agree terms for a merger/acquisition transaction whereby the new Centennial shareholders (post the 444GA application and distribution from the Creditors' Trust) would receive Austar shares in consideration for their Centennial holding.

Employee entitlements for continuing employees of the Group would be preserved in full and employee entitlements for employees whose employment had been terminated were expected to be paid in full.

Creditors would be dealt with in separate classes.

Amended Varied DoCA

On 21 October 2019, the Deed Administrators received correspondence from Avior advising that it was their opinion that the Varied DoCA was required to be amended further due to:

- ❖ The reduction in gold revenue produced in the period 1 August 2019 to 23 September 2019;
- ❖ The requirement for the Deed Administrators to draw down Mining Lending Pty Ltd's ('Mining Lending') facility by a further \$0.50 million to allow the Deed Administrators to continue operations;
- ❖ Mining Lending's shareholding in Austar post the effectuation of the Varied DoCA needing to be increased to take into consideration the additional lending;
- ❖ The Deed Administrators forming the view post the directions' hearing of 1 October 2019:
 - to terminate the options held to acquire shares in Centennial;
 - allow parties who held options to acquire shares in Centennial to be admitted as a contingent creditor of Centennial and to vote at a meeting of creditors in relation to a resolution that the company enter an amended Varied DoCA; and
 - Avior's decision to allow surplus cash to remain in the Group (after adjusting for legal fees relating to the merger and any costs incurred by the Deed Administrators).

In addition:

- ❖ The Deed Administrators formed a view post the directions' hearing of 25 October 2019 that creditors should be provided 10 clear business days' notice of the creditors' meetings in accordance with the Act; and
- ❖ There was a subsequent unexpected increase in gold production in the period 1 October 2019 to 29 October 2019.

Avior consequently provided a proposal to amend the Varied DoCA ('Amended Varied DoCA') to the Deed Administrators on 28 October 2019.

The Amended Varied DoCA was approved at meetings of creditors held on 15 November 2019 and the Amended Varied DoCA was subsequently executed on 20 November 2019.

A further extension for the effectuation of the Amended Varied DoCA to 24 January 2020 was approved between Avior and the Deed Administrators on 12 December 2019, to allow for Austar to complete its capital raisings, as Austar raising up to \$4.4 million in capital was a condition precedent to the Amended Varied DoCA, and \$2.4 million of this capital was to be contributed to the Amended Varied DoCA.

On 11 January 2020, Mining Lending entered into an agreement to assign its debt to Austar.

The Deed Administrators consented to the assignment of the debt subject to a further DoCA being submitted and:

- ❖ receiving a bank guarantee/cash for \$0.3 million to fund trading costs and operations to the next creditors' meetings by 17 January 2020;
- ❖ further support being provided by Austar to fund trading costs and operations between the creditors' meetings and effectuation of any revised DoCA approved by creditors; and
- ❖ drawing of their remuneration approved by creditors and costs (including legal costs) from the cash generated by the Group's operations.

This assignment of debt to Austar did not complete due to:

- ❖ issues arising between Austar and Mining Lending in relation to the assignment of the debt; and
- ❖ Austar not complying with the terms of the assignment, by failing to provide the bank guarantee/cash to fund the Deed Administrators' trading and operational costs by 17 January 2020 or at all.

For the reasons detailed above, the Amended Varied DoCA could no longer be effectuated.

Oldfield DoCA

Execution

On 21 January 2020, a DoCA proposal was received from Oldfield Investments Pty Ltd atf Oldfield Family Trust No 3 ('Oldfield Investments') to further vary the Amended Vary DoCA ('Oldfield DoCA'). One of the conditions precedent to the Oldfield DoCA proposal was the acceptance by the Deed Administrators of a loan agreement with Oldfield Investments to refinance the Mining Lending facility in full. The Deed Administrators entered into a loan agreement on 20 January 2020 with Oldfield Investments and Mining Lending's debt was refinanced in full on 22 January 2020 with Oldfield Investments becoming a secured creditor of the Group.

The Oldfield DoCA was approved by creditors at meetings held on 12 February 2020. However, on 26 February 2020 Gandel Metals Pty Ltd ('Gandel') re-enlivened the proceedings in the Federal Court of Australia vid 688 of 2019 in relation to whether Gandel held security over the Group or its assets ('Gandel Proceedings'). Oldfield Investments agreed with Gandel that the DoCA would be amended by way of Court Order honouring Gandel's pre voluntary administration loans to the Group to enable employee entitlements to be paid, which has a statutory priority pursuant to section 560 of the Act.

On 28 February 2020, the Oldfield DoCA was executed between the Group, Oldfield Investments and the Deed Administrators.

Overview

A detailed overview of the Oldfield DoCA is included in the Voluntary Administrators' supplementary report to creditors dated 28 January 2020. A high-level overview of the provisions of the Oldfield DoCA is as follows:

Three DoCA contributions being made into the Creditors' Trust as follows:

- ❖ \$2.01 million on effectuation of the Oldfield DoCA. This contribution was increased to \$2.36 million after it was determined to honour the section 560 loans provided by Gandel to the Group;
- ❖ \$0.94 million by 31 December 2021 subject to the Group's working capital position being above \$2.5 million at 30 June 2021 (i.e. conditional distribution); and
- ❖ \$0.94 million by 31 December 2022 subject to the Group's working capital position being above \$2.5 million at 30 June 2022 (i.e. conditional distribution)
- ❖ The following Centennial secured creditors:
 - Montlodge Pty Ltd atf Stanley Family Trust;
 - Bendan Superannuation Pty Ltd atf Crooks Superannuation Fund; and
 - Langsung Pty Ltd atf Langsung Superannuation Fund ('Secured Creditors')being provided 10% of the issued shares in Centennial
- ❖ Oldfield Investments receiving 90% of the issued shares in Centennial pursuant to a section 444GA Court application and section 606 consent from ASIC;
- ❖ Gandel being treated as an unsecured creditor; and
- ❖ Creditors being dealt with in separate classes.

Oldfield DoCA extensions

The Oldfield DoCA was extended three times from the original completion date of 31 March 2020.

The first extension was to 30 June 2020 to allow the Gandel Proceedings to be determined. The second to 30 September 2020 to allow the appeal to the Gandel Proceedings to be determined. The third extension to 31 December 2020 was to allow the appeal to the Gandel Decision to be heard and subsequent decision to be handed down.

Ability to complete

The Deed Administrators had concerns that the Oldfield DoCA would be unable to be effectuated due to a number of factors, including:

- ❖ Secured Creditors (excluding Gandel) stated that they were not supportive of receiving equity in accordance with the Oldfield DoCA and would not release their security over Centennial at effectuation, being a condition to the Oldfield DoCA;
- ❖ the Court decision in the Gandel Proceedings that Gandel holds security over the A1 Mine (the Oldfield DoCA treated Gandel as an unsecured creditor);

- ❖ both Oldfield and Gandel indicating they would appeal to the High Court if they were unsuccessful in relation to the Gandel Decision which would cause further delays and risks to the trading operations; and
- ❖ that the second distribution to creditors (whilst always contingent) would not proceed given the estimated timeline to complete the Oldfield DoCA given that the Gandel Proceedings were appealed.

Sale of Debt

Oldfield Investments, with the consent of the Deed Administrators, sold its debt and the secured debt it bought from Langsung Pty Ltd atf Langsung Superannuation Fund, to Golden River Resources Pty Ltd on 23 September 2020. The purchase of the Oldfield Investments' debt was a condition of the DoCA proposed by Golden River Resources Pty Ltd ('GRR'), which was a variation (detailed further below).

The terms of the sale of Oldfield Investments' debt are confidential. As a result of the debt trade, Oldfield Investments dismissed the injunction hearing and the appeal to the Gandel Proceedings.

GRR DoCA

Overview

On 17 September 2020, GRR submitted a proposed variation to the Oldfield DoCA. The key terms of the GRR DoCA are summarised below:

- ❖ GRR will make available cash of \$13.5 million which will be used to pay the Oldfield Investments, Secured Creditors, Gandel, and priority creditors and unsecured creditors through a Creditors' Trust and the Deed Administrator for their trading costs and fees. The Deed Administrators have received evidence that \$13.5 million has been paid into a solicitors' trust account
- ❖ GRR will either refinance or acquire the Oldfield Investment's debt in full and repay the Langsung Debt – this has been completed
- ❖ GRR will assume liabilities which will not be transferred to the Creditors Trust including employee entitlements owing to employees who continue with the Group post completion of the GRR DoCA and Environmental Bonding
- ❖ the Deed Administrator convened a meeting of the Company's creditors on 13 October 2020 where the creditors approved the GRR DoCA
- ❖ an order was obtained from the Court pursuant to section 444GA of the Act and consent was obtained from ASIC for relief pursuant to section 606 of the Act to transfer the existing Centennial shares from shareholders to GRR
- ❖ termination of Centennial's Options (which has already occurred)
- ❖ intercompany creditors will not participate in the distribution from the Creditors' Trust
- ❖ creditors are dealt with in separate classes as follows:

Date contribution crystallised	Cents in the dollar of claim Effectuation of DoCA
Estimated timing of payment to creditors	6 April 2021
Return to creditors	Cash – single payment
Payment outside of Creditors Trust	
Gandel inc section 560 Loans, costs, secured and unsecured loans	78.1
Bendan & Montlodge – Secured and unsecured debt	74.5
Payment as part of creditors' trust	
Class A – superannuation and wages	100.0
Class B – employee entitlements for terminated employees	100.0
Class C – Dale Rogers	18.9
Class D – All unsecured creditors, excluding class C, E, & F	19.9
Class E – creditors owed less than \$5k	89.4
Class F – ATO	7.3

- ❖ GRR will continue as a secured creditor for the full amount of its debt and continue to hold its security over the Companies until effectuation of its DoCA at which time its debt will either be forgiven or converted into Centennial shares;
- ❖ the completion of a transaction between GRR and an ASX listed entity (ListCo) for the acquisition by ListCo of a 100% equity interest in GRR (ListCo Transaction) (which condition may be waived by GRR);
- ❖ the appeal proceedings in relation to Gandel Metals' claim as a secured creditor was discontinued;
- ❖ the Secured Creditors consenting to release their security at settlement; and
- ❖ sunset date of 31 December 2020 or such later date as agreed between the Deed Administrator and GRR.

Current Position

An updated position for the completion of the GRR DoCA is as follows:

Condition Precedent	Status
The Companies' creditors approve the DoCA at a meeting of their creditors	Completed
The Deed Administrators applying to Court for leave pursuant to section 444GA of the Act and to ASIC for relief from the prohibitions in section 606 of the Act;	Completed
GRR making \$13.5 million available to the Deed Administrators, less any amounts already paid (which as at today's date is the amount paid to Oldfield to refinance the Oldfield Loan);	Ongoing
Payment of the Cash Contribution by the Deed Administrators into the Creditors' Trust, together with the other available property being transferred into Creditors' Trust, which includes debtors as at the date of effectuation and unsold gold / proceeds from the unsold gold produced on the last Wednesday prior to effectuation and any residual cash less the Deed Administrators' fees, remuneration and expenses;	At effectuation
Deeds of release being entered into with the Secured Creditors and Dale Rogers, whereby those parties release all of their rights, title and claims they may have against the Group and the Deed Administrators and agree to release their security;	Ongoing
Payment of \$2.85 million being made to Gandel Parties in full and final settlement of all their debts including the section 560 loan, unsecured loan, costs, secured loan to the Group and the Gandel Parties releasing their security over the Group;	At effectuation
Payment of \$1.14 million being made to Montlodge (and its related party) and payment of \$191,000 being made to Bendana in full and final settlement of all their debts including unsecured debt and their secured loan to the Group and Bendana and Montlodge (and its related party) releasing their security over the Group;	At effectuation
The Deed Administrators will remove and appoint new directors to Centennial's board of directors as instructed by GRR;	At effectuation
The completion of a transaction between GRR and Kaiser for the acquisition by Kaiser of a 100% equity interest in GRR, which may be waived by GRR;	Ongoing
GRR doing all things necessary to release its security interest against the Group and doing all things necessary to release and remove any registrations against the Group in favour of Oldfield and Langsung;	At effectuation
GRR informing the Deed Administrators as to whether GRR will forgive the Oldfield and Langsung debt refinanced by GRR or convert that debt into Centennial's shares;	At effectuation
The execution of a Creditors' Trust Deed and establishment of the Creditors' Trust	At effectuation

Incomplete records

To prepare this financial report, the Voluntary Administrators who were not appointed during the periods presented in this report have reconstructed the financial records of the Group using data extracted from the

Group's accounting system for the year. However, there may be information that the administrators have not been able to obtain, the impact of which may or may not be material on the financial statements.

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the external administration process and/or the change in directorships and key management personnel of the Company.

Consequently, and although the Voluntary Administrators have prepared this financial report to the best of their knowledge based on the information that is available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 30 June 2018.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Legislation

The Company's operations must be conducted in accordance with the Mineral Resources (Sustainable Development) Act 1990 (MRSDA). To the best of the directors' knowledge, the Company has complied with the MRSDA. As part of the process for obtaining a Registered Mine Plan under the MRSDA, there is a section on Environmental Management which requires the following matters to be addressed:

- ❖ cultural heritage management;
- ❖ surface and groundwater management;
- ❖ air blast and vibration;
- ❖ noise;
- ❖ dust;
- ❖ waste management;
- ❖ recording of data; and
- ❖ monitoring programme.

The Company has complied with all of the abovementioned requirements in accordance with the Registered Mine Plan.

Indemnification and Insurance of Directors and Officers

The Company has agreed, by entering into deeds of access, indemnity and insurance with each of the directors and the Company Secretary, to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During or since the financial year, the company has paid premiums insuring all the directors and the Company Secretary of Centennial Mining Limited against costs incurred in defending proceedings for conduct involving:

- a) a wilful breach of duty; or
- b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was \$17,948.

Remuneration Report

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Centennial Mining Limited for the financial year ended 30 June 2018. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

The directors and other key management personnel of the Company during or since the end of the financial year were:

Directors		
Dale Rogers	Terminated 17 March 2020	Executive Chairman
Anthony Gray		Director (non-executive)
Jamie Cullen	Resigned 21 June 2018	Director (non-executive)

Except as noted, the named persons held their current positions for the whole of the financial year and since the financial year.

Remuneration Philosophy

The Remuneration Committee consists of Mr Anthony Gray and Mr Dale Rogers. The remuneration policy of Centennial Mining Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives. The board of Centennial Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. The board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where required, the executive directors and executives receive a superannuation guarantee contribution required by statutory legislation, which from 1 July 2014 is 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using an option pricing methodology depending on the terms of the options.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Employment Contracts

Remuneration and other terms of employment are formalised in employment contracts. The main terms of the employment contracts are set out below:

Director	Base Salary \$	Term \$	Notice Period \$
Dale Rogers	370,000	Permanent	6 Months
Anthony Gray	55,000	3 Years	Nil

Performance Based Remuneration

No new options were granted during the year. The options granted to Mr Jamie Cullen (4,500,000) lapsed on his resignation as a director. No options were exercised during the period.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

A relationship exists between shareholder wealth, director remuneration and Company performance in the form of the granting of options which vest on the satisfaction of performance and market conditions. The details of the performance conditions are set out in note 18.

The table below shows the gross revenue, losses and earnings per share for the last four years for the listed entity.

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Revenue	24,739,944	306,118	193,575	24,658	78,721
Profit / (Net loss)	(8,318,783)	(1,608,653)	(1,436,383)	(14,071,900)	(997,491)
Loss per share (cents)	(0.9)	(0.2)	(0.3)	(5.9)	(0.61)
Share price at year end (cents)	0.9	1.8	2.1	3.2	5.5

No dividends have been paid.

Use of Remuneration Consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2018.

Details of Remuneration

Details of the remuneration of the directors and other key management personnel of the Company are set out in the following table. The key management personnel of the Company are the directors as set out on page 19.

Given the size and nature of operations of the Company, there are no other employees who are required to have their remuneration disclosed in accordance with the Act.

Remuneration of Key Management Personnel

Key Management Personnel Remuneration for the Year Ended 30 June 2018

30 June 2018	Short-Term Employee Benefits		Post-employment benefits		Equity	Total	Percentage Performance Related**
	Salary & Fees	Non-Monetary Benefits	Termination Payment	Superannuation	Share Options**		
	\$	\$	\$	\$	\$	\$	%
Directors							
***Dale Rogers	370,000	-	-	20,049	35,736	425,785	8.4%
Anthony Gray	55,000	-	-	5,225	(24,204)	36,021	-
*Jamie Cullen	55,000	-	-	5,225	(42,504)	17,721	-
Total Key Management Compensation	480,000	-	-	30,499	(30,972)	479,527	

* J Cullen resigned on 21 June 2018 and his options were subsequently cancelled.

**Options vest on satisfaction of performance conditions, the satisfaction of which shall be determined by the Board at its sole discretion. The options will vest in various tranches upon the achievement of each performance goal set by the company.

*** These numbers reflect remuneration on an accrual basis. No physical cash was paid to Mr Dale Rogers

No member of key management personnel appointed during the year received a payment as part of their consideration for agreeing to hold the position.

Remuneration of Key Management Personnel

Key Management Personnel Remuneration for the Year Ended 30 June 2017

30 June 2017	Short-Term Employee Benefits		Post-Employment Benefits		Equity	Total	Percentage Performance Related
	Salary & Fees	Non-Monetary Benefits	Termination Payment	Superannuation	Share Options**		
	\$	\$	\$	\$	\$	\$	%
Directors							
Dale Rogers	370,000	-	-	19,308	331,392	720,700	45.9%
Jamie Cullen	43,750	-	-	4,156	8,359	56,265	14.9%
Anthony Gray	43,750	-	-	4,156	8,359	56,265	14.9%
Total Key Management Compensation	457,500	-	-	27,620	348,110	833,230	

**Options vest on satisfaction of performance conditions, the satisfaction of which shall be determined by the Board at its sole discretion. The options will vest in various tranches upon the achievement of each performance goal set by the company.

*** These numbers reflect remuneration on an accrual basis. No physical cash was paid to Mr Dale Rogers

No member of key management personnel appointed during the year received a payment as part of their consideration for agreeing to hold the position.

Key Management Personnel Equity Holdings

Fully Paid Ordinary Shares

30 June 2018	Balance at beginning of year (Number)	Granted as compensation (Number)	Received on exercise of options (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Balance held nominally (Number)
Directors						
D C Rogers	24,628,411	-	-	8,757,334	33,385,745	-
J Cullen	9,376,825	-	-	(9,376,825)	-	-
A R Gray	1,019,357	-	-	875,733	1,895,090	1
Total	35,024,593	-	-	256,242	35,280,835	1

* J Cullen resigned on 21 June 2018 and his options was subsequently cancelled.

30 June 2017	Balance at beginning of year (Number)	Granted as compensation (Number)	Received on exercise of options (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Balance held nominally (Number)
Directors						
D C Rogers	1,788,464	-	-	22,839,947	24,628,411	-
D J Clark (resigned 31/5/16)	25,014,488	-	-	(25,014,488)	-	-
J Cullen	2,918,224	-	-	6,458,601	9,376,825	-
A R Gray	716,315	-	-	303,042	1,019,357	1
Total	30,437,491	-	-	4,587,102	35,024,593	1

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Convertible Note Holding

As at 30 June 2018, Mr J Cullen held 1,428,571 convertible notes issued at 3.5 cents per note. These notes were not granted as compensation.

Key Management Personnel Equity Holdings (continued)

Share Options

30 June 2018	Balance at beginning of year (Number)	Granted as compensation (Number)	Exercised (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Vested but not exercisable (Number)	Vested & exercisable (Number)	Options vested during year (Number)
Directors								
D C Rogers	86,355,273	-	-		86,355,273	-	5,000,000	-
J Cullen	8,333,422	-	-	(8,333,422)*	-	-	-	-
A R Gray	4,601,014	-	-		4,601,014	-	-	-
Total	99,289,709	-	-	(8,333,422)	90,956,287	-	5,000,000	-

* J Cullen resigned on 21 June 2018 and his options was subsequently cancelled.

30 June 2017	Balance at beginning of year (Number)	Granted as compensation (Number)	Exercised (Number)	Net change other (Number)	Balance at end of year (Number)	Vested but not exercisable (Number)	Vested & exercisable (Number)	Options vested during year (Number)
Directors								
D C Rogers	6,972,222	64,000,000	-	15,383,051	86,355,273	-	5,000,000	-
D J Clark*	19,267,275	-	-	(19,267,275)	-	-	-	-
J Cullen	7,047,222	-	-	1,286,200	8,333,422	-	-	-
A R Gray	4,500,000	-	-	101,014	4,601,014	-	-	-
Total	37,786,719	64,000,000	-	(2,497,010)	99,289,709	-	5,000,000	-

* DJ Clark resigned on 31 May 2016 and his remuneration options (4,500,000) have been subsequently cancelled.

For details of the employee share option plan and of share options granted during the 2017 financial year, please refer to Note 18.

Share-based compensation

Options are issued to directors as part of their remuneration. The options are issued to the directors of Centennial Mining Limited to increase goal congruence between executives, directors and shareholders but will only vest on the meeting of performance criteria. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the board actively discourages key management personnel from obtaining mortgages in securities held in the Company.

No options were granted to directors during the year.

Amounts owing to directors

As at 30 June 2018 the below amounts were owing to directors:

Director	Amounts Owing for	Total \$
Dale Rogers	Directors Fees	846,158
Jamie Cullen (resigned 21 June 2018)	Directors Fees	58,740
Anthony Gray	Directors Fees	15,056

Anthony Gray is a Key Management Personnel member of Octagonal Resources Pty Ltd and Octagonal Resources (WA) Pty Ltd. The director's remuneration falling due to Anthony Gray is paid to Octagonal Resources Pty Ltd. The director's remuneration was the only payments that were made to these two companies during the financial year. Detail of these transactions are disclosed in Note 21.

This concludes the remuneration report, which has been audited.

Directors' Meetings

The directors held eleven board meetings and two audit committee meetings during the year ended 30 June 2018. The attendance of directors at these meetings was:

Directors	Board Meetings		Audit Committee	
	A	B	A	B
Dale Rogers	11	11	2	2
Jamie Cullen (resigned 21 June 2018)	9	10	2	2
Anthony Gray	11	11	2	2

A: Number of meetings attended.

B: Number of meetings held during the time the director held office during the year.

The full board performs the role of the Nomination Committee and considered all the matters required by the Nomination Committee Charter once during the year. There was one Remuneration Committee meeting held during the year.

Proceedings on behalf of the Company

There were no proceedings on behalf of the Company.

Shares under option

At the date of this report there are 383,057,651 unissued ordinary shares in respect of which options are outstanding.

	Number of options	
Balance at the beginning of the year	370,557,631	
Movements of share options during the year:		
3 October 2017, issue of options exercisable at 2.55 cents on or before 2 October 2021.	29,000,000	
Total number of options outstanding as at 30 June 2018	399,557,631	
Movements subsequent to reporting date:		
2 July 2018, cancellation of options exercisable at 2.55 cents on or before 2 October 2021, following resignation of an executive	(12,000,000)	
2 July 2018, cancellation of options exercisable at 4.438 cents on or before 30 November 2019 following resignation of executive	(4,500,000)	
7 October 2019, cancellation of all outstanding options in issue by KordaMentha as administrators of the Company.	(383,057,631)	
Total number of options outstanding at the date of this report	Nil	
Expiry date	Exercise price (cents)	Number of options
30 November 2019	2.938 ***	288,557,631
30 November 2019	4.938 ***	3,000,000
30 November 2019	4.438 ***	10,500,000
24 November 2020	3.6	64,000,000
2 October 2021	2.55	17,000,000
Total number of options outstanding at the date of this report		383,057,631

*** After the adjustment under listing rule 6.22.2 announced on ASX 19 September 2016

No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

During the year 29,000,000 options were granted to executives of the Group. Details of exercise price and vesting conditions are described in Note 18.

Executive	Number of options
J Clout	12,000,000
P Crooks	12,000,000
G Janssen	5,000,000
	29,000,000

There have been no ordinary shares issued by the Company during or since the end of the financial period as a result of the exercise of an option.

There are no unpaid amounts on the shares issued.

Non-Audit Services

There were no non-audit services provided by the Company's auditor, BDO Audit (WA) Pty Ltd, or associated entities during the year.

Auditor Independence

Section 307C of the Act requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 70 and forms part of this Directors' Report for the year ended 30 June 2018.

Auditor

BDO Audit (WA) Pty Ltd continues in office as auditors in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Administrators (acting in there capacity as Joint and Several Deed Administrators of the Company and each of its wholly-owned subsidiaries).



Richard Tucker
Deed Administrator
c/ - KordaMentha
Perth, Western Australia

4 December 2020

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

		Consolidated	
	Notes	2018	2017
		\$	\$
Revenue	2(a)	24,739,944	-
Other income	2(a)	364,682	306,118
Accounting and taxation services		(246,934)	(157,149)
Auditor's remuneration		(106,291)	(72,901)
Company secretary fees		(127,005)	(104,565)
Directors' fees		(81,095)	(92,153)
Finance costs	2(b)	(786,616)	(42,794)
Impairment of exploration and evaluation costs	2(b) / 10	(1,881,165)	-
Insurance		(678,221)	(439,396)
Mine operating expenses	2(b)	(20,539,052)	-
Maldon operating expenses	2(b)	(8,200,076)	(251,143)
Other expenses	2(b)	(1,945,407)	(746,302)
Share based payment expense	18	(46,056)	(379,489)
Share registry and listing fees		(57,179)	(80,005)
Loss before income tax expense		(9,590,471)	(2,059,897)
Income tax benefit	3	1,271,691	451,126
Net loss for the year		(8,318,780)	(1,608,653)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(8,318,780)	(1,608,653)
Basic and diluted loss per share (cents per share)	4	(0.94)	(0.23)

The accompanying notes form part of these financial statements.

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

		Consolidated	
	Notes	2018	2017
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	5	400,189	527,663
Trade and other receivables	6	164,355	191,009
Inventories	7	1,375,139	1,099,559
Other current assets	8	424,770	277,072
Total Current Assets		2,364,453	2,095,303
Non-Current Assets			
Property, plant and equipment	9	7,667,103	7,286,638
Exploration and evaluation assets	10	1,509,965	3,326,928
Development assets	11	26,904,966	26,714,417
Other non-current assets	8	1,002,440	976,500
Total Non-Current Assets		37,084,473	38,304,483
Total Assets		39,448,927	40,399,786
Liabilities			
Current Liabilities			
Trade and other payables	12	7,508,190	3,088,018
Borrowings	13	3,321,270	2,453,842
Provisions	15	788,751	558,806
Total Current Liabilities		11,618,211	6,100,666
Non-Current Liabilities			
Deferred Tax Liabilities	3	-	1,271,691
Borrowings	13	-	428,010
Provisions	15	1,186,500	1,264,067
Total Non-Current Liabilities		1,186,500	2,963,768
Total Liabilities		12,804,711	9,064,434
Net Assets		26,644,216	31,335,352
Equity			
Issued capital	16	51,991,717	48,410,129
Reserves	17	6,035,274	5,989,218
Accumulated losses		(31,382,775)	(23,063,995)
Total Equity		26,644,216	31,335,352

The accompanying notes form part of these financial statements.

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

	Notes	Issued Capital \$	Convertible Note Reserve \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2017		48,410,129	66,854	5,922,364	(23,063,995)	31,335,352
Total comprehensive loss for the year		-	-	-	(8,318,780)	(8,318,783)
Shares issued during the year net of costs	16	3,581,588	-	-	-	3,581,588
Share based payment expense	18	-	-	46,056	-	46,056
Balance at 30 June 2018		51,991,717	66,854	5,968,420	(31,382,775)	26,644,216
Balance as at 1 July 2016		45,177,830	66,854	5,542,875	(21,455,342)	29,332,217
Total comprehensive loss for the year		-	-	-	(1,608,653)	(1,608,653)
Shares issued during the year net of costs	16	3,232,299	-	-	-	3,232,299
Share based payment expense	18	-	-	379,489	-	379,489
Balance at 30 June 2017		48,410,129	66,854	5,922,364	(23,063,995)	31,335,352

The accompanying notes form part of these financial statements

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

		Consolidated	
	Notes	2018	2017
		\$	\$
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		24,742,713	-
Payments to suppliers and employees		(24,211,472)	(1,129,333)
Interest received		3,744	43,050
Finance costs		(786,616)	(27,582)
Net cash used in operating activities	5(ii)	(251,632)	(1,113,865)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,190,838)	-
Proceeds from non-current assets		-	70,000
Exploration and evaluation expenditure		(64,202)	(657,965)
Development expenditure capitalised		(2,324,584)	(365,345)
Development and pre-production costs capitalised		-	(26,727,724)
Gold and silver sales		-	25,785,026
Refund of bond		-	20,000
Net cash used in investing activities		(3,579,624)	(1,876,008)
Cash flows from financing activities			
Proceeds from issue of shares		3,640,920	3,667,944
Payments for share issue costs		1	(442,823)
Proceeds from borrowings	5(ii)	62,861	266,198
Repayment of borrowings		-	(308,705)
Net cash provided by financing activities		3,703,782	3,182,614
Net (decrease)/increase in cash and cash equivalents		(127,474)	192,741
Cash and cash equivalents at beginning of year		527,663	334,922
Cash and cash equivalents at end of year	5(i)	400,189	527,663

The accompanying notes form part of these financial statements.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated. The financial statements are for the Group consisting of Centennial Mining Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services. Assets have been valued at the expected net returns on a distressed sale basis.

The financial statements are presented in Australian dollars. The company is an unlisted public company, incorporated in Australia and operating in the state of Victoria. The entity's principal activity is the mining and development of gold bearing ore and the processing of mined gold ore, within central and eastern Victoria.

Incomplete Records

On 21 March 2019, the Company was placed into Voluntary Administration. The duties and responsibilities of the Directors were suspended from that date. Prior to their appointment, the administrators did not have oversight or control over the Group's financial reporting systems, including being able to access complete accounting records.

To prepare this financial report, the administrators who were not in office during the periods presented in this report have reconstructed the financial records of the Group using data provided by the extracted from the Group's accounting system for the year. However, there may be information that the administrators have not been able to obtain, the impact of which may or may not be material on the financial statements.

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Group as this information is unascertainable due to the external administration process and/or the change in directorships and key management personnel of the Group.

Consequently, and although the administrators have prepared this financial report to the best of their knowledge based on the information that is available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 30 June 2018. Refer Note 23: Events subsequent to reporting date for further information.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group had a working capital deficiency of \$9,253,758 at 30 June 2018 and incurred a loss for the year of \$8,318,780 of which \$1,881,165 related to an impairment expense. The net cash outflow from operating and investing activities was \$251,632 and \$3,579,624. At 30 June 2018 the Group had cash and cash equivalents of \$400,189.

On 21 March 2019, Richard Tucker, John Bumbak and Leanne Chesser were appointed as the joint and several voluntary administrators of the Group ('Voluntary Administrators') and assumed control of the Group's operations.

Upon their appointment, the Voluntary Administrators immediately reviewed the Group's operations in order to ascertain whether they should:

- Continue to trade the Group on a business as usual basis;
- Modify the manner in which the Group's businesses operated, by undertaking a selective/limited mining program; or
- Cease trading the Group's businesses, shutting down the mine and undertaking a care and maintenance program.

The result of the Voluntary Administrators' review was that the limited mining program over 14 weeks provided the lowest net funding requirement (as it allowed for revenue to be generated from gold sales) – (\$0.17 million surplus) when compared to the forecast trading loss on a care and maintenance basis over 14 weeks of a \$1.06 million trading loss and allowed the Group's assets to be preserved to maximise the value of its assets.

At meetings of creditors held on 17 May 2019, the Group's creditors resolved that Avior Consulting Pty Ltd's ('Avior') DoCA proposal received on 1 May 2019 be accepted and the Group enter into a DoCA ('First DoCA'). The Voluntary Administrators became the Deed Administrators ('Deed Administrators').

On 7 June 2019, the First DoCA was executed by the Deed Administrators and Avior. A detailed overview of the First DoCA is included in the Administrators' Report dated 10 May 2019. and a high-level overview is detailed in note 23.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

On 8 July 2019 the Deed Administrators received correspondence from Avior advising that it was their opinion that the First DoCA could not be completed due to an inability to raise the capital under the terms of the First DoCA and as such a variation would be required. Avior required an alternate method to raise capital due to unforeseen external economic conditions, including but not limited to:

- An introduction of royalties on gold production charged by the Victorian State Government in January 2020.
- Various high-profile trading issues in the Australia gold sector.
- Introduction of a new DoCA contributor.

On 16 August 2019 a varied DoCA proposal was received from Avior ('Varied DoCA Proposal'). As a result of the material nature of the variations to the First DoCA, creditor approval was required. Accordingly, the Deed Administrators convened meetings of creditors on 27 August 2019 where the creditors resolved that Avior's Varied DoCA Proposal be accepted and the Group enter into the DoCA ('Varied DoCA'). The Deed Administrators remained the Deed Administrators.

The Varied DoCA was executed on 27 September 2019 by the Deed Administrators and Avior. An overview is detailed in note 22. On 21 October 2019, the Deed Administrators received correspondence from Avior advising that it was their opinion that the Varied DoCA was required to be amended further. Avior consequently provided a proposal to amend the Varied DoCA to the Deed Administrators of 28 October 2019.

The Amended Varied DoCA was approved at a meeting of creditors held on 15 November 2019 and the Amended Varied DoCA was subsequently executed on 20 November 2019.

A further extension for the effectuation of the Amended Varied DoCA to 24 January 2020 was approved between Avior and the Deed Administrators on 12 December 2019, to allow for Austar to complete its capital raisings, as Austar raising up to \$4.4 million in capital was a condition precedent to the Amended Varied DoCA, and \$2.4 million of this capital was to be contributed to the Amended Varied DoCA.

On 11 January 2020, Mining Lending entered into an agreement to assign its debt to Austar.

On 21 January 2020, a DoCA proposal was received from Oldfield Investments Pty Ltd atf Oldfield Family Trust No 3 ('Oldfield Investments') to further vary the Amended Vary DoCA ('Oldfield DoCA'). One of the conditions precedent to the Oldfield DoCA proposal was the acceptance by the Deed Administrators of a loan agreement with Oldfield Investments to refinance the Mining Lending facility in full. The Deed Administrators entered into a loan agreement on 20 January 2020 with Oldfield Investments and Mining Lending's debt was refinanced in full on 22 January 2020 with Oldfield Investments becoming a secured creditor of the Group.

The Oldfield DoCA was approved by creditors at meetings held on 12 February 2020. However, on 26 February 2020 Gandel Metals Pty Ltd ('Gandel') re-enlivened the proceedings in the Federal Court of Australia vid 688 of 2019 in relation to whether Gandel held security over the Group or its assets ('Gandel Proceedings'). Oldfield Investments agreed with Gandel that the DoCA would be amended by way of Court Order honouring Gandel's pre voluntary administration loans to the Group to enable employee entitlements to be paid, which has a statutory priority pursuant to section 560 of the Act.

On 28 February 2020, the Oldfield DoCA was executed between the Group, Oldfield Investments and the Deed Administrators.

Oldfield Investments, with the consent of the Deed Administrators, sold its debt and the secured debt it bought from Langsung Pty Ltd atf Langsung Superannuation Fund, to Golden River Resources Pty Ltd on 23 September 2020. The purchase of the Oldfield Investments' debt was a condition of the DoCA proposed by Golden River Resources Pty Ltd ('GRR'), which was a variation (detailed further in note 22).

The terms of the sale of Oldfield Investments' debt are confidential. As a result of the debt trade, Oldfield Investments dismissed the injunction hearing and the appeal to the Gandel Proceedings.

On 17 September 2020, GRR submitted a proposed variation to the Oldfield DoCA. The key terms of the GRR DoCA are summarised below:

- GRR will make available cash of \$13.5 million, which will be used to pay the Oldfield Investments, Secured Creditors, Gandel, and priority creditors and unsecured creditors through a Creditors' Trust and the Deed Administrator for their trading costs and fees. The Deed Administrators have received evidence that \$13.5 million has been paid into a solicitors' trust account;
- GRR will either refinance or acquire the Oldfield Investment's debt in full and repay the Langsung Debt – this has been completed;
- GRR will assume liabilities which will not be transferred to the Creditors Trust including employee entitlements owing to employees who continue with the Group post completion of the GRR DoCA and Environmental Bonding;
- the Deed Administrator convened a meeting of the Company's creditors on 13 October 2020 where the creditors approved the GRR DoCA;
- an order was obtained from the Court pursuant to section 444GA of the Act and consent was obtained from ASIC for relief pursuant to section 606 of the Act to transfer the existing Centennial shares from shareholders to GRR
- Termination of Centennial's Options (which has already occurred 7 October 2019);
- Intercompany creditors will not participate in the distribution from the Creditors' Trust;
- Creditors are dealt with in separate classes as detailed in note 22;

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- GRR will continue as a secured creditor for the full amount of its debt and continue to hold its security over the Companies until effectuation of its DoCA at which time its debt will either be forgiven or converted into Centennial shares;
- The completion of a transaction between GRR and an ASX listed entity (ListCo) for the acquisition by ListCo of a 100% equity interest in GRR (ListCo Transaction) (which condition may be waived by GRR);
- the appeal proceedings in relation to Gandel Metals' claim as a secured creditor was discontinued;
- The Secured Creditors consenting to release their security at settlement; and
- Sunset date of 31 December 2020 or such later date as agreed between the Deed Administrator and GRR.

The Administrators believe that the ability for the Group to continue to remain as a going concern is dependent upon, amongst other factors, the following key assumptions:

- The DOCA effectuating and the recapitalisation completing on or about 31 December 2020;
- Gold production from the A1 Mine at rates and costs generally consistent with those contained in the 2020 financial report; and
- The price received for gold sold by the Group being higher than the prevailing cost of gold production at A1 Mine.

Based on the above, the Voluntary Administrators have reasonable grounds to believe that the DOCA will effectuate on or about 31 December 2020, and that the Company will be able to pay its debts as and when they fall due, and the Voluntary Administrators consider that the going concern basis of preparation to be appropriate for these financial statements.

The above matters present a material uncertainty, which may cast significant doubt on the Group's ability to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

To support this view, a comprehensive mine forecast and cashflow model that, subject to continued positive resource definition drilling and any unforeseen events, it is expected that continued mining, processing and sale of gold will be successful and will enable the Group to continue as a going concern.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

(a) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2018

In the year ended 30 June 2018, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

As a result of this review, the directors have determined that there is no material impact of any new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the directors have determined that there is unlikely to be a material impact of AASB15 (Revenue of contracts with customers) and AASB9 (Financial instruments) on the group. The directors are in the process of assessing the impact of AASB16 (Leases).

(b) Statement of compliance

The financial report was authorised for issue on 4 December 2020.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting estimates and judgements (continued)

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, using the assumptions detailed in Note 17.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Exploration and evaluation costs carried forward

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off, since feasibility studies in such areas have not yet been concluded.

Mine Properties

The recoverability of the carrying amount of mine development expenditure carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimated future commodity prices;
- Future costs of production;
- Future capital expenditure; and/or
- Future exchange rates

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which mining has commenced or in the process of commencing. When further development expenditure is incurred in respect of mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a unit of production basis (other than restoration and rehabilitation expenditure detailed below) which results in a write off of the cost proportional to the depletion of the proven and probable mineral reserves.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

The Group provides for environmental restoration and rehabilitation at site which includes any costs to dismantle and remove certain items of plant and equipment. The cost of an item includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs when an item is acquired or as a consequence of having used the item during that period. This asset is depreciated on the basis of the current estimate of the useful life of the asset.

In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets an entity is also required to recognise as a provision the best estimate of the present value of expenditure required to settle the obligation. The present value of estimated future cash flows is measured using a current market discount rate.

Units-of-production depreciation

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mineral specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the volume of recoverable reserves and estimates of future capital expenditure.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

In conducting their impairment assessment, the directors considered impairment indicators were present, due to ongoing operating losses. Accordingly, an impairment assessment has been conducted. Further details of on the impairment assessment and material assumptions are set out in note 11.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting estimates and judgements (continued)

Inventories

Costs incurred in, or benefits, of the productive process are accumulated as stockpiles, gold in process and product inventory. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product, based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The metallurgic balancing process is constantly monitored and the recovery estimates are refined based on reconciliations with actual results.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(e) Provision for restoration and rehabilitation

The Group's mining, exploration and refining activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of the provision.

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date. The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(f) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Ore Reserve and Resource estimate

The Group estimates its ore reserves and mineral resources based on information compiled by a Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves [the JORC Code]). Resources determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, rehabilitation and environmental expenditure.

In estimating the remaining life of the mine for the purposes of amortisation and depreciation calculations, due regard is given to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over a lengthy time frame.

(h) Development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Exploration and evaluation expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Centennial Mining Limited ('Company' or 'Parent') and entities controlled by the Company (the 'Group'). As the Company owns 100% of the share capital of all its subsidiaries it has full control of each entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Investments in subsidiaries held by Centennial Mining Limited are accounted for at cost in the financial statements of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired. The identifiable assets and the liabilities assumed are measured at their acquisition date fair values.

(j) Segment reporting

Since incorporation, the Company has been engaged in the minerals industry at one location in Victoria and accordingly there are currently no separate segments to the Company's operations.

(k) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue from gold bullion sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated. This is generally when the gold is credited to the metal account of the company. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The main revenue of the company is the sale of gold.

(l) Leases – operating

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

(m) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income Tax (continued)

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- when the taxable temporary difference is associated with investments in subsidiaries, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:
- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax consolidation legislation

Centennial Mining Limited its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Centennial Mining Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts

receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

(n) Deferred tax

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(p) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(r) Trade and other receivables

Trade and other receivables are stated at their cost. At year end they represented refunds due for Goods & Services Tax and other taxes due for settlement approximately 30 days after lodgement of returns, accrued interest receivable and various refunds due to the Group.

(s) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary of selling the final product.

(t) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

With the exception of the Maldon Mill, depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Motor vehicles – over 8 years

Office equipment – over 3 to 10 years

Plant & equipment – over 5 to 20 years

Exploration, evaluation and development assets are amortised on a units of production basis being based on tonnes mined relevant to the estimated total indicated and inferred resource of the A1 mine and Union Hill mines.

Maldon Mill is depreciated on a units of production basis being based on tonnes processed relative to the estimated total indicated and inferred resource of the A1 mine and Union Hill mine.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(u) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial assets

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

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(v) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) *Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(iv) *Trade and other payables*

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(v) *Interest-bearing loans and borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholder's equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(vi) *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(vii) *Employee entitlements*

Annual leave and sick leave

Liabilities accruing to employees in respect of annual leave and sick leave expected to be settled within 12 months of the balance date are recognised in trade & other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities accruing to employees in respect of annual leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current liabilities in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflow to be made by the Group.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(viii) *Share-based payment transactions*

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 17. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Centennial Mining Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Share-based payment transactions (continued)

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share (see Note 4).

Where the company acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share based payment transactions, the fair value of the equity instruments granted is measured at the grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(ab) Issued capital

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

(ac) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ad) Parent entity financial information

The financial information for the parent entity, Centennial Mining Limited, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

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

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2018	2017
	\$	\$
(a) Revenue and other income		
Sale of fine metals	24,739,944	-
Bank interest received	3,744	38,646
Fuel tax credits received	358,168	218,352
Gain on sale of fixed assets	-	48,134
Other	2,770	986
	25,104,626	306,118
(b) Expenses		
Depreciation and amortisation	2,654,718	734,304
Employee expenses	10,884,135	595,711
Impairment expenses	1,881,165	-
Refining and Assay	51,512	-
Development	13,796,763	-
Exploration	197,276	-
Production	5,111,931	-
Maldon mill – Gold operational expenditure	1,911,575	-
Mill operational expenditure	5,272,253	-
<i>Finance costs</i>		
Interest expense	769,080	27,581
Bank charges	17,536	15,213
Total finance costs	786,616	42,794
Operating lease rental expenses	13,504	1,005

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

NOTE 3: INCOME TAX

	Consolidated	
	2018	2017
	\$	\$
(a) Income tax expense / (benefit):		
Current tax	-	-
Deferred tax	(1,271,690)	(451,126)
Income tax expense / (benefit) calculated at 30%	(1,271,690)	(451,126)
(b) Amounts recognised directly in equity:		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.		
Current tax	-	-
Deferred tax	-	-
	-	-
	Consolidated	
	2018	2017
	\$	\$
(c) Reconciliation of income tax expense to prima facie tax payable:		
Profit/(loss) from continuing operations before income tax expense	(9,590,471)	(2,059,779)
Tax at the Australian tax rate of 30% (2017: 30%)	(2,877,142)	(610,433)
Tax effect of amounts that are not deductible (taxable) in calculating taxable income:		
- Share based payments	13,817	113,847
- Accounting revaluation not deductible for tax purposes	-	94,499
- Other permanent differences	96,262	11,129
- (Over) / under provision	-	(60,166)
- Deferred tax assets not brought to account	(577,878)	-
- Tax losses not brought to account	2,073,251	-
Income tax expense/(benefit) reported in the statement of comprehensive income	(1,271,690)	(451,126)
(d) Deferred tax liabilities:		
The following deferred tax assets and (liabilities) have not been brought to account:		
PPE	486,637	435,582
Exploration and development assets	4,110,935	5,096,351
	4,597,571	5,531,933
Offset of deferred tax assets	(4,597,571)	(4,260,242)
	-	1,271,691

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

NOTE 3: INCOME TAX (continued)

	Consolidated	
	2018	2017
	\$	\$
(e) Deferred tax assets:		
Tax losses	11,582,954	3,689,228
Share issue costs	189,004	88,042
Borrowing costs	-	30,469
PPE	1,607,544	-
Accrued expenses and liabilities	28,869	13,200
Employee entitlements	260,057	128,203
Provision for rehabilitation	285,175	311,100
	12,346,058	4,260,242
Off-set against deferred tax liabilities	(4,597,571)	(4,260,242)
Net unrecognised deferred tax assets	7,748,487	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as the recognition criteria in AASB112 Income Taxes are not yet met.

Tax Consolidation

Centennial Mining Limited and its subsidiaries implemented the tax consolidation legislation from 1 July 2016. The accounting policy for the implementation of the tax consolidation legislation is set out in note 1(m).

The entities in the tax consolidated group entered into a tax sharing agreement on adoption of the tax consolidation legislation which, in the opinion of the Directors, limits the joint and several liability of the controlled entities in the case of a default by the head entity, Centennial Mining Limited.

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

NOTE 4: EARNINGS/LOSS PER SHARE

	2018	2017
	Cents per share	Cents per share
Basic and diluted (loss) per share	(0.94)	(0.23)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

	\$	\$
(Loss) (refer (i))	(8,318,783)	(1,608,653)

	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	882,551,160	687,545,891

(i) Earnings used in the calculation of total basic and diluted loss per share equals the net loss in the statement of comprehensive income as no adjustments were required.

(ii) The weighted average number of ordinary shares for the purposes of diluted loss per share equals the weighted average number of ordinary shares used in the calculation of basic earnings per share as no adjustments were required.

(iii) The following potential ordinary shares are not dilutive and are therefore excluded from the calculation in (ii) above:

	Number	Number
Options to purchase ordinary shares	399,557,651	370,557,651

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
	2018	2017
	\$	\$
Cash at bank and on hand	400,189	527,663
	400,189	527,663

As at 30 June 2018 and 30 June 2017, the Group did not have any undrawn financing facilities available.

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

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

	\$	\$
Cash and cash equivalents	400,189	527,663
	400,189	527,663

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

NOTE 5: CASH AND CASH EQUIVALENTS (continued)

	Consolidated	
	2018	2017
	\$	\$
(ii) Reconciliation of loss for the year to net cash flows from operating activities:		
Net loss for the year after tax	(8,318,780)	(1,608,653)
<i>Non-cash flows in loss:</i>		
Depreciation and amortisation	2,654,718	9,576
Impairment of exploration expenditure	1,881,165	-
Deferred tax movements	-	(451,126)
Net (Gain) / Loss on disposal of non-current assets	-	(48,134)
Equity settled share based payment	46,059	379,489
Provisions for employee entitlements	522,322	(20,143)
Change in net assets and liabilities:		
<i>Decrease / (Increase) in assets:</i>		
Current receivables	(97,186)	247,136
Inventories	(275,580)	(7,410)
Other current assets	-	22,615
<i>Increase /(Decrease) in liabilities:</i>		
Deferred tax liabilities	(1,271,691)	-
Current payables	4,607,341	362,785
Net cash (used in) operating activities	(251,632)	(1,113,865)

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

NOTE 6: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018	2017
	\$	\$
GST recoverable	163,538	151,463
Other receivables	817	39,546
	164,355	191,009

NOTE 7: INVENTORIES

	2018	2017
	\$	\$
Gold in transit and in circuit at net realisable value	1,242,358	877,354
Ore stockpile at net realisable value	90,328	108,105
Consumables at cost	42,453	114,100
	1,375,139	1,099,559

Inventory write downs to profit and loss totalled \$53,805 (2017: \$Nil)

NOTE 8: OTHER ASSETS

	2018	2017
	\$	\$
Current		
Prepayments	289,348	262,050
Rental bonds	5,022	5,022
Term deposit	10,000	10,000
Debt service reserve account	120,400	-
	424,770	277,072
Non-Current		
Environmental bonds	976,500	976,500
Vegetation offset allowance	25,940	-
	1,002,440	976,500

The environmental bonds represent restricted cash held in a financial institution in accordance with the relevant environmental requirements. They will be released upon the successful rehabilitation of the relevant mine sites.

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

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2018	2017
	\$	\$
Property		
Freehold land – at cost	62,299	62,299
Net carrying amount	62,299	62,299
Plant and equipment		
Plant and equipment – at cost	11,768,256	10,590,953
Accumulated depreciation	(4,301,579)	(3,532,544)
Net carrying amount	7,466,677	7,058,409
Office equipment		
Office equipment – at cost	133,030	120,536
Accumulated depreciation	(97,036)	(87,394)
Net carrying amount	35,994	33,142
Motor vehicles		
Motor vehicles – at cost	332,575	331,534
Accumulated depreciation	(230,442)	(198,746)
Net carrying amount	102,133	132,788
Total property, plant and equipment net carrying amount	7,667,103	7,286,638

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

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated	
	2018	2017
	\$	\$
Reconciliation of property		
Carrying amount at beginning of the year	62,299	62,299
Carrying amount at end of the year	62,299	62,299
Reconciliation of plant and equipment		
Carrying amount at beginning of the year	7,058,409	7,193,307
Additions	1,192,675	585,499
Disposals	(14,628)	(21,866)
Depreciation	(769,779)	(698,531)
Carrying amount at end of the year	7,466,677	7,058,409
Reconciliation of office equipment		
Carrying amount at beginning of the year	33,142	20,183
Additions	12,494	20,034
Depreciation	(9,642)	(7,075)
Carrying amount at end the year	35,994	33,142
Reconciliation of motor vehicles		
Carrying amount at beginning of the year	132,788	88,986
Additions	1,041	72,500
Depreciation	(31,696)	(28,698)
Carrying amount at end of the year	102,133	132,788

Assets pledged as security:

Centennial Mining Limited (the company) has granted a Personal Property Securities Act security interest over all of the present and future property of the company and a mortgage over the mining licence covering the company's A1 Mine as security for the issue of \$2,500,000 of convertible notes.

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

	Consolidated	
	2018	2017
	\$	\$
NOTE 10: EXPLORATION AND EVALUATION ASSETS		
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phases – at cost		
Balance at beginning of year	3,326,928	2,910,108
Impairment (10 Mile/Star)	(635,000)	-
Impairment (Walhalla)	(1,246,165)	-
Exploration and evaluation costs incurred during the year	64,202	416,820
Balance at end of year	1,509,965	3,326,928

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Impairment of exploration and evaluation assets

During the year the recoverable amounts for the 10 Mile and Walhalla tenements were assessed to be less than the carrying amounts of these assets, which resulted in the assets being written down to their recoverable amounts, which was assessed as being \$Nil.

NOTE 11: DEVELOPMENT ASSETS

	2018	2017
	\$	\$
Development phase – at cost		
Balance at beginning of year	26,714,417	25,610,368
Acquisition costs of subsidiary – Union Hill Mine (Stamp duty)	-	401,368
Adjustment of Union Hill – Stamp Duty	(289,691)	-
Pre-production costs capitalised (refer note 1)	-	26,487,707
Capital development costs	2,324,584	-
Gold and silver sales	-	(25,785,026)
Amortisation	(1,844,344)	-
Balance at end of year	26,904,966	26,714,417

In the normal course of business mine properties and associated plant and equipment will be recouped through the successful production and sale of gold from the respective properties. Due to ongoing operating losses, management considered impairment indicators to be present and performed an impairment exercise. The cash generating units are comprised of mine property development of \$26,904,966, mining equipment of \$1,567,211, the process plant of \$5,899,466 and other property plant and equipment of \$138,127. The carrying amount of the relevant cash generating units were compared with their recoverable amounts, being the higher of fair value less cost to sell and value in use. For calculation purposes, management prepared cash flow projections to February 2024. Cash flow projections during the forecast period are based on the expected gross margins. The key assumptions used in the calculation include a risk adjusted pre-tax discount rate of 12%. Subsequent to the reporting period Mining One have completed an independent review of the company mine forecast. This independent review has confirmed that the mining, processing, and cost assumptions used by CTL are reasonable and has confirmed the value in use is in excess of the carrying value.

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

NOTE 12: TRADE AND OTHER PAYABLES	Consolidated	
	2018	2017
	\$	\$
Trade payables (i)	5,651,775	1,931,297
Accrued expenses	662,629	491,512
Related party payables (ii)	904,898	426,391
Employee benefits	248,088	198,018
Share application funds pending allotment	40,800	40,800
	7,508,190	3,088,018

(i) Trade payables are non-interest bearing and are normally settled on 60-day terms.

(ii) Related party payables are unsecured, interest free and settlement occurs in cash. Refer Note 21.

Information regarding the liquidity and interest rate risk exposure is set out in Note 19.

NOTE 13: BORROWINGS	Interest Rate	Maturity	2018	2017
			\$	\$
CURRENT				
Unsecured				
Insurance premium funding	3.2%	28/02/2018	329,058	266,198
Secured				
Convertible Notes (refer Note 14)	12.5%	10/08/2018	2,500,000	2,187,644
Unsecured				
Part consideration Walhalla tenement acquisition	Nil		492,212	-
Total current borrowings			3,321,270	2,453,842
NON CURRENT				
Unsecured				
Part consideration Walhalla tenement acquisition	Nil	11/08/2018	-	428,010
Total borrowings			3,321,270	2,881,852

Assets pledged as security.

Centennial Mining Limited (the company) has granted a Personal Property Securities Act security interest over all of the present and future property of the company and a mortgage over the mining licence covering the company's A1 Mine as security for the issue of \$2,500,000 of convertible notes.

Financing facilities available

As at 30 June 2018 and 30 June 2017, the Group did not have any undrawn finance facilities.

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

NOTE 14: CONVERTIBLE NOTES

71,428,571 convertible notes were issued by the Group on 25 June 2015 at an issue price of 3.5 cents per note. Each note entitles the holder to convert to one ordinary share.

The original terms of the notes were that conversion may occur at any time between 25 June 2015 and 25 June 2018. If the notes have not been converted, they will be redeemed on 25 June 2018 at 3.5 cents per note. Interest of 12.5% will be paid quarterly in arrears up until that settlement date.

The redemption of the notes was extended to 10 August 2018, when the notes were redeemed through short-term loan funding of \$2,171,272 and internally generated funds of \$328,728 (refer Note 23 for further details).

The net proceeds originally received from the issue of the convertible notes have been split between the financial liability and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Company as follows:

	\$
Gross face value of notes	2,500,000
Less:	
Transaction costs	(309,058)
Share based payment – options granted	(571,428)
Net proceeds	1,619,514
Liability component at date of issue	1,552,660
Equity component	66,854

The equity component of \$66,854 has been credited to equity (option premium on convertible note –see note 16). The liability component is measured at amortised cost. The interest expense for the period to 30 June 2018 of \$624,856 is calculated by applying an effective interest rate of 26.1% to the liability component for the period since the loan notes were issued. Interest paid in the period since issue is \$1,250,000. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position at 30 June 2018 represents the effective interest rate less interest paid to that date.

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

NOTE 15: PROVISIONS

	Employee benefits (i) \$	Restorative obligations (ii) \$	Other (iii) \$	Total \$
Balance at beginning of year	235,005	1,186,500	401,368	1,822,873
Arising during the year	576,446	-	-	576,446
Utilised	(113,878)	-	-	(113,878)
Unused amounts reversed	-	-	(310,190)	(310,190)
Balance at the end of year	697,573	1,186,500	91,178	1,975,251
Current	697,573	-	91,178	788,751
Non-current	-	1,186,500	-	1,186,500
	697,573	1,186,500	91,178	1,975,251

- i. The provision for employee benefits represents accrued long service leave.
- ii. The provision for restorative obligations relates to the estimated cost of rehabilitation work to be carried out in relation to the removal of facilities, closure of sites and restoring the affected areas. The provision represents the best estimate of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.
- iii. **Provision for Duties**
On 19 September 2017, the Directors were notified by the State Revenue Office in Victoria of a potential duty liability under the landholder duty provisions of the Duties Act 2000 (Vic). The duty liability relates to the Company's acquisition of Maldon Resources Pty Limited. As such, the Board has taken the conservative view to raise a provision of \$111,677 in the financial statements to allow for any potential duties which may be payable. An amount of \$20,499 has to date been paid on the estimated liability. The Board is not convinced that the company is liable for these duties and the matter has been referred to subject matter experts for review and advice. To date the company has not been formally assessed in this matter.

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

NOTE 16: ISSUED CAPITAL

	2018 \$	2017 \$
1,044,434,244 Ordinary shares issued and fully paid (2017 – 705,444,920)	51,991,717	48,410,129

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll one vote for each fully paid share and a fraction of one vote for each partly paid up share.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	Consolidated			
	2018		2017	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Balance at beginning of financial year	705,444,920	48,410,129	552,689,252	45,177,830
Shares issued during the year for cash				
August 2016	-	-	152,755,647	3,667,942
December 2016	-	-	21	1
November 2017	271,119,984	3,095,920	-	-
February 2018	16,922,775	193,241	-	-
March 2018	50,946,565	639,000	-	-
Share issue costs	-	(346,573)	-	(435,644)
Balance at end of financial year	1,044,434,244	51,991,717	705,444,920	48,410,129

	2018		2017	
	No.	Weighted average exercise price	No.	Weighted average exercise price
<i>Movement in options over ordinary shares on issue:</i>				
At start of year	370,557,631	\$0.032	270,639,276	\$0.032
Granted	29,000,000	\$0.025	114,918,376	\$0.033
Exercised	-	-	(21)	-
Expired	-	-	(15,000,000)	-
At end of year	399,557,631	\$0.031	370,557,631	\$0.032
Exercisable	5,000,000		5,000,000	

The options on issue at the reporting date have expiry dates ranging from 30 November 2019 to 2 October 2021. A total of 16,500,000 options lapsed during the year and were cancelled on 2 July 2018.

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

NOTE 17: RESERVES

Share based payments reserve

The share based payments reserve is used to record the value of equity benefits provided to directors and employees as part of their remuneration and to other parties for services rendered and in connection with raising capital and acquisition of subsidiaries. Refer to Note 18 for further details.

Convertible Note Reserve

The option premium on convertible notes represents the equity component (conversion right) of the \$2,500,000 of convertible notes issued during the year ended 30 June 2015. Refer to Note 13.

NOTE 18: SHARE BASED PAYMENTS

- a. On 3 October 2017 Centennial issued 29,000,000 unlisted options to executives of the company as mid to long term performance incentives. These options are exercisable at \$0.0255 on or before 2 October 2021 and vest in eleven tranches on delivery of eleven performance milestones, as per the table below. On 2 July 2018 12,000,000 of these options were cancelled due to the resignation of the applicable executive.

Shares vest as per the following criteria:

Number of shares	Vesting criteria
1,445,000	On the production of 30,000 ounces of gold within the period ending 19 Jun 2018 at an average cost of less than \$1,100 per ounce
2,125,000	On the production of 37,500 ounces of gold within the period ending 18 Feb 2020 at an average cost of less than \$1,100 per ounce
2,125,000	On the production of gold in excess of 37,500 ounces within the period ending 18 Feb 2020, with 50,000 vesting for every 2,000 ounces of gold produced in excess of 37,500
765,000	On production of 37,500 ounces of gold at less than \$1,000 per ounce
425,000	On repayment, or conversion of the convertible notes, or the balance of the Debt Service Reserve Account being equal to the convertible notes
2,125,000	On the company achieving a market capitalisation of equal to, or greater than \$50,000,000 continuously for a period of 3 months (calculation of market capitalisation to exclude share issues subsequent to the date of issue arising from capital raisings, conversion of convertible notes, option exercises and acquisitions)
2,125,000	On the company announcing a two year ore reserve in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources (2012) edition) at the A1 Gold Mine
1,530,000	On the company achieving a market capitalisation of equal to, or greater than \$100,000,000 continuously for a period of 30 days
1,530,000	On the company achieving a market capitalisation of equal to, or greater than \$150,000,000 continuously for a period of 30 days
1,530,000	On the company achieving a market capitalisation of equal to, or greater than \$200,000,000 continuously for a period of 30 days
1,275,000	On the company achieving a market capitalisation of equal to, or greater than \$100,000,000 continuously for a period of 30 days

An amount of \$16,475 has been recognised to date and shown as a share based payment expense in 2018 based on the probability of meeting the non-market conditions.

The share options were valued using a risk free rate based on the 3 year bond yield rate of 1.90%, as published by the Reserve Bank of Australia, a share price of \$0.014 and a share volatility of 105%.

- b. On 25 November 2016 Centennial issued 64,000,000 unlisted options to D Rogers, a director of the company as mid to long term performance incentives. These options are exercisable at \$0.036 on or before 24 October 2020 and vest in eleven tranches on delivery of eleven performance milestones.

An amount of \$399,400 has been recognised to date. An amount of \$34,738 has been written back to costs as a result of vesting requirements not met based on the probability of meeting the non-market conditions.

The share options were valued using a risk free rate based on the 3 year bond yield rate of 1.90%, as published by the Reserve Bank of Australia, a share price of \$0.014 and a share volatility of 105%

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

NOTE 18: SHARE BASED PAYMENTS (continued)

- a. On 4 December 2015 Centennial issued 24,000,000 unlisted options to directors as mid to long term performance incentives. These options are exercisable at \$0.045 on or before 30 November 2019 and vest in three tranches on delivery of three performance milestones. They have been valued at \$334,400 at the grant date of 11 November 2015 using the Monte-Carlo simulation model, Hoadley's Hybrid ESO Single Share Price Target, based on the following assumptions.

Underlying value of shares	\$0.029
Exercise price	\$0.045
Risk free rate of return	2.29%
Volatility factor	81%

An amount of \$42,700 has been recognised to date. An amount of \$62,934 has been shown as a share based payment expense based on the probability of meeting the non-market conditions. A reversal amount of \$54,346 has been applied as a result of the cancellation of options for those directors who have left Centennial Mining Limited.

- b. On 14 January, 2015 Centennial issued 9,000,000 unlisted Executive Options to employees and contractors of the company as performance incentives. These options are exercisable at \$0.05 each on or before 30 November 2019, and vest in three tranches on delivery of three performance milestones. They have been valued at \$117,684 at the grant date using the Black-Scholes option pricing model based on the following assumptions.

Underlying value of shares	\$0.0309
Exercise price	\$0.03
Risk free rate of return	2.71%
Volatility factor	86%

An amount of \$Nil has been recognised to date. A reversal amount of \$6,785 has been applied in 2017/2018 as a result of the cancellation of options for those employees who have left the employment of Centennial Mining Limited.

For details of options issued to key management personnel, refer to the Directors' Report.

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

NOTE 19: FINANCIAL INSTRUMENTS

(a) Capital risk management

Pre-administration, the Group's policy was to manage its capital to maintain a low debt to equity ratio and ensure that the Group will be able to continue as a going concern. This strategy had remained unchanged since 2015. The Group entered voluntary administration on 21 March 2019 – refer to Note 23: Events After the Reporting Period.

The capital structure of the Group consists of debt, cash and cash equivalents and equity comprising issued capital and reserves reduced by accumulated losses.

(b) Categories of financial instruments

	2018 \$	2017 \$
Financial assets		
Cash and cash equivalents	400,189	527,663
Receivables	284,755	191,009
Rental bonds	5,022	5,022
Term deposit	10,000	10,000
Environmental bonds	976,500	976,500
Total financial assets	1,676,466	1,710,194
	2018 \$	2017 \$
Financial liabilities		
Trade and other payables	7,508,190	3,088,018
Borrowings	3,321,270	2,881,852
Total financial liabilities	10,843,281	5,969,870

All the above financial assets and liabilities are carried at amortised cost and the carrying amount is equivalent to fair value.

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

NOTE 19: FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives

The Group is exposed to credit risk, liquidity risk and interest rate risk as a normal course of the Group's business.

i. Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk of liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. Apart from credit risk on liquid funds the Group does not have any significant risk exposure to any single counterparty or any group of counterparties having similar characteristics.

ii. Liquidity Risk

The Group manages liquidity risk by maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows.

The contractual maturity for the Group's financial liabilities, including estimated interest payments, is as follows:

	Less than 1 Month \$	1 – 3 Months \$	3 Months – 1 Year \$	1 – 5 Years \$	5+ Years \$
2018					
Non-interest bearing	1,878,878	6,418,063	-	-	-
Fixed interest rate instruments	32,905	3,090,929	197,435	-	-
	1,911,783	9,508,992	197,435	-	-
2017					
Non-interest bearing	1,825,347	509,711	752,961	-	-
Fixed interest rate instruments	-	78,125	2,734,375	774,729	-
	1,825,347	587,836	3,487,336	774,729	-

iii. Interest Rate Risk

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2018 \$	2017 \$
	Carrying Amount	Carrying Amount
Variable rate instruments		
Financial assets	976,500	986,500
Fixed rate instruments		
Financial liabilities	2,829,058	2,881,852

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss would decrease by \$4,883 (2017: \$4,883). There would be a corresponding effect on equity.

Market risk

The Group's activities expose it to the financial risks of changes in commodity prices. A 5% change in the gold price would have changed the result for the year by \$1,302,832 (2017: \$Nil) and changed the value of inventory by \$66,634.

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

NOTE 20: COMMITMENTS AND CONTINGENCIES

Capital commitments and contingencies

There were no capital commitments or contingencies at 30 June 2018 or 30 June 2017.

Operating lease commitments – Company as lessee

The Company has entered into commercial leases on certain software, equipment and house rental. These leases have an average life of between 6 months and 2 years. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2018 \$	2017 \$
Within one year	10,371	48,696
After one year but not more than five years	34,570	-
More than five years	-	-
	44,941	48,696

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

NOTE 21: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Centennial Mining Limited and the subsidiaries listed in the following table.

	% Equity interest		Investment	
	2018	2017	2018 \$	2017 \$
Maldon Resources Pty Limited	100%	100%	6,813,410	6,813,410
Highlake Resources Pty Limited	100%	100%	48	48
Matrix Gold Pty Limited	100%	100%	23	23

Centennial Mining Limited is the ultimate Australian parent entity and ultimate parent of the Group. All subsidiaries are incorporated in Australia.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related entities are disclosed below.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Related party		Income from Related Parties \$	Expenditure Related Parties \$	Amounts Owed by Related parties \$	Amounts Owed to Related parties \$
Director related parties					
Amounts owing to directors for:					
- Directors fees and superannuation					
D Rogers – Executive Chairman	2018	-	576,849	-	846,158
	2017	-	48,218	-	361,923
J Cullen – Non Executive Director (resigned 21 June 2018)	2018	-	17,721	-	58,740
	2017	-	-	-	47,906
A Gray – Non Executive Director	2018	-	64,881	-	15,056
	2017	-	32,850	-	16,562

Mr Anthony Gray is a Key Management Personnel member of Octagonal Resources Pty Ltd and Octagonal Resources (WA) Pty Ltd. The director's remuneration falling due to Anthony Gray is paid to Octagonal Resources Pty Ltd. The director's remuneration was the only payments that were made to either of these two companies during the financial year.

Other related parties

Company secretarial services were supplied by DW Corporate Pty Ltd. Mr D Wilkins, company secretary of Centennial Mining Limited; is the principal of DW Corporate Pty Limited.

2018	-	150,745	-	35,866
2017	-	103,929	-	4,950

Terms and conditions of transactions with related parties

Purchases from related parties are made at arm's length and at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

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

NOTE 22: PARENT ENTITY DISCLOSURES

Financial position

	2018	2017
	\$	\$
Assets		
Current assets	4,222,397	1,919,283
Non-current assets	30,535,812	36,956,168
Total assets	34,758,209	38,875,451
Liabilities		
Current liabilities	9,425,480	5,537,398
Non-current liabilities	434,517	2,002,701
Total Liabilities	9,859,517	7,540,099
Equity		
Issued capital	51,991,717	48,410,129
Reserves		
• Option premium on convertible notes	66,854	66,853
• Share-based payments	5,901,082	5,922,365
Accumulated losses	(33,061,441)	(23,063,995)
Total equity	24,898,212	31,335,532

Financial performance

	2018	2017
	\$	\$
(Loss) for the year	(9,997,446)	(1,608,653)
Other comprehensive income	-	-
Total comprehensive loss for the year	(9,997,446)	(1,608,653)

There were no capital commitments or contingencies as at 30 June 2018 or 30 June 2017.

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The convertible notes of \$2,500,000 were repaid on 10 August 2018 through short-term loan funding of \$2,171,272 and internally generated funds of \$328,728. One of the providers of the short-term funding repaid \$2,000,000 of the \$2,500,000 convertible notes directly to the convertible note holder on behalf of the company. This short-term funding was repayable on 9 February 2019. Further short-term funding totalling \$1,465,000 was obtained during the period, of which \$225,000 was repayable on 20 December 2018, with the balance due in August 2020. Short-term loans total \$3,636,272 and are governed by loan agreements which are subject to covenant clauses standard for this type of financial arrangement. The loans earn interest of 12.5% per annum. These loans are guaranteed by a PPSR registration over the assets of the A1 Mine.

A further short-term loan of \$1,500,000 was provided to the Group repayable 15 business after the DoCA (see below) is entered into or upon the DoCA not obtaining the required majority of votes, is defeated, or otherwise not carried by the creditors of the Company. Interest is payable on this loan at 15% per annum and the facility includes a 10% exit and entry fee, repayable at repayment date.

The Company obtained approval from ASIC to extend the time to hold the 2018 Annual General Meeting (AGM) of shareholders. This meeting was anticipated to occur during early 2019.

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

NOTE 23: EVENTS AFTER THE REPORTING PERIOD (continued)

The Company explored a number of options to recapitalise, which included a debt for equity swap with creditors, combined with a Rights Issue. Pivotal to that proposal was the support of the largest creditor and shareholder. That support was outlined in the proposal announced in late February 2019. Discussions with trade creditors and some of the secured lenders indicated tacit support for the plan, however, the largest lender and creditor of Centennial informed the Company that they required the repayment of their loans. Following this notification and confirmation the board placed the Company into Voluntary Administration on 22 March 2019.

Voluntary administration and deed administration

Details surrounding the appointment of Voluntary Administrators and Deed Administrators of the subsequent deeds of company arrangements ('DoCAs') are provided below.

Appointment of Voluntary Administrators

On 21 March 2019, Richard Tucker, John Bumbak and Leanne Chesser were appointed as the joint and several Voluntary Administrators of the Group ('Voluntary Administrators') and assumed control of the Group's operations.

Upon their appointment, the Voluntary Administrators immediately reviewed the Group's operations in order to ascertain whether they should:

- continue to trade the Group on a business as usual basis;
- modify the manner in which the Group's businesses operated, by undertaking a selective/limited mining program; or
- cease trading the Group's businesses, shutting down the mine and undertaking a care and maintenance program.

The result of the Voluntary Administrators' review was that the limited mining program over 14 weeks provided the lowest net funding requirement (as it allowed for revenue to be generated from gold sales) – (\$0.17 million surplus) when compared to the forecast trading loss on a care and maintenance basis over 14 weeks of a \$1.06 million trading loss and allowed the Group's assets to be preserved to maximise the value of its assets.

First DoCA

At meetings of creditors held on 17 May 2019, the Group's creditors resolved that Avior Consulting Pty Ltd's ('Avior') DoCA proposal received on 1 May 2019 be accepted and the Group enter into a DoCA ('First DoCA'). The Voluntary Administrators became the Deed Administrators ('Deed Administrators').

On 7 June 2019, the First DoCA was executed by the Deed Administrators and Avior. A detailed overview of the First DoCA is included in the Deed Administrators' Report dated 10 May 2019. For reference, a high-level overview is as follows:

- New money of \$8.5 million would be raised via a capital raising with \$3.85 million of this being made available to the Creditors' Trust and \$4.65 million available for future working capital of the Group.
- Employee entitlements for continuing employees of the Group would be preserved in full and employee entitlements for employees whose employment had been terminated was expected to be paid in full.
- Creditors would be dealt with in separate classes.

Varied DoCA

On 8 July 2019 the Deed Administrators received correspondence from Avior advising that it was their opinion that the First DoCA could not be completed due to an inability to raise the capital under the terms of the First DoCA and as such a variation would be required. Avior required an alternate method to raise capital due to unforeseen external economic conditions, including but not limited to:

- An introduction of royalties on gold production charged by the Victorian State Government in January 2020;
- Various high-profile trading issues in the Australian gold sector; and
- Introduction of a new DoCA contributor.

On 16 August 2019 a varied DoCA proposal was received from Avior ('Varied DoCA Proposal'). As a result of the material nature of the variations to the First DoCA, creditor approval was required. Accordingly, the Deed Administrators convened meetings of creditors on 27 August 2019 where the creditors resolved that Avior's Varied DoCA Proposal be accepted and the Group enter into the DoCA ('Varied DoCA'). The Deed Administrators remained the Deed Administrators.

The Varied DoCA was executed on 27 September 2019 by the Deed Administrators and Avior.

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

NOTE 23: EVENTS AFTER THE REPORTING PERIOD (continued)

An overview of the Varied DoCA is as follows:

New money of \$5.65 million to be raised via capital raisings by the Company (\$1.25 million) and Austar (\$4.4 million). \$3.65 million of this raising would be made available to the Creditors' Trust of which \$1.4 million would be paid to creditors in full and final settlement of their claims and \$2.25 million made available for the Voluntary Administrators' and Deed Administrators' trading costs, fees/disbursements and legal costs. Austar would retain \$2.0 million of cash.

Court approval under section 444GA of the Act would be required to transfer the shares from the Company's current shareholders to participating creditors as per the terms of the Varied DoCA.

Prior to effectuation of the Varied DoCA, the Group and Austar Gold Limited ('Austar') would agree terms for a merger/acquisition transaction whereby the new Company's shareholders (post the 444GA application and distribution from the Creditors' Trust) would receive Austar shares in consideration for their Centennial holding.

Employee entitlements for continuing employees of the Group would be preserved in full and employee entitlements for employees whose employment had been terminated were expected to be paid in full. Creditors would be dealt with in separate classes.

Amended Varied DoCA

On 21 October 2019, the Deed Administrators received correspondence from Avior advising that it was their opinion that the Varied DoCA was required to be amended further due to:

- The reduction in gold revenue produced in the period 1 August 2019 to 23 September 2019;
- The requirement for the Deed Administrators to draw down Mining Lending Pty Ltd's ('Mining Lending') facility by a further \$0.50 million to allow the Deed Administrators to continue operations;
- Mining Lending's shareholding in Austar post the effectuation of the Varied DoCA needing to be increased to take into consideration the additional lending;
- The Deed Administrators forming the view post the directions' hearing of 1 October 2019:
 - to terminate the options held to acquire shares in Centennial;
 - allow parties who held options to acquire shares in Centennial to be admitted as a contingent creditor of Centennial and to vote at a meeting of creditors in relation to a resolution that the company enter an amended Varied DoCA; and
 - Avior's decision to allow surplus cash to remain in the Group (after adjusting for legal fees relating to the merger and any costs incurred by the Deed Administrators).

In addition:

- The Deed Administrators formed a view post the directions' hearing of 25 October 2019 that creditors should be provided 10 clear business days' notice of the creditors' meetings in accordance with the Act; and
- There was a subsequent unexpected increase in gold production in the period 1 October 2019 to 29 October 2019.

Avior consequently provided a proposal to amend the Varied DoCA ('Amended Varied DoCA') to the Deed Administrators on 28 October 2019.

The Amended Varied DoCA was approved at meetings of creditors held on 15 November 2019 and the Amended Varied DoCA was subsequently executed on 20 November 2019. A further extension for the effectuation of the Amended Varied DoCA to 24 January 2020 was approved between Avior and the Deed Administrators on 12 December 2019, to allow for Austar to complete its capital raisings, as Austar raising up to \$4.4 million in capital was a condition precedent to the Amended Varied DoCA, and \$2.4 million of this capital was to be contributed to the Amended Varied DoCA.

On 11 January 2020, Mining Lending entered into an agreement to assign its debt to Austar.

The Deed Administrators consented to the assignment of the debt subject to a further DoCA being submitted and:

- receiving a bank guarantee/cash for \$0.3 million to fund trading costs and operations to the next creditors' meetings by 17 January 2020;
- further support being provided by Austar to fund trading costs and operations between the creditors' meetings and effectuation of any revised DoCA approved by creditors; and
- drawing of their remuneration approved by creditors and costs (including legal costs) from the cash generated by the Group's operations.

This assignment of debt to Austar did not complete due to:

- issues arising between Austar and Mining Lending in relation to the assignment of the debt; and
- Austar not complying with the terms of the assignment, by failing to provide the bank guarantee/cash to fund the Deed Administrators' trading and operational costs by 17 January 2020 or at all.

For the reasons detailed above, the Amended Varied DoCA could no longer be effectuated.

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

NOTE 23: EVENTS AFTER THE REPORTING PERIOD (continued)

Oldfield DoCA

Execution

On 21 January 2020, a DoCA proposal was received from Oldfield Investments Pty Ltd atf Oldfield Family Trust No 3 ('Oldfield Investments') to further vary the Amended Vary DoCA ('Oldfield DoCA'). One of the conditions precedent to the Oldfield DoCA proposal was the acceptance by the Deed Administrators of a loan agreement with Oldfield Investments to refinance the Mining Lending facility in full. The Deed Administrators entered into a loan agreement on 20 January 2020 with Oldfield Investments and Mining Lending's debt was refinanced in full on 22 January 2020 with Oldfield Investments becoming a secured creditor of the Group.

The Oldfield DoCA was approved by creditors at meetings held on 12 February 2020. However, on 26 February 2020 Gandel Metals Pty Ltd ('Gandel') re-enlivened the proceedings in the Federal Court of Australia vid 688 of 2019 in relation to whether Gandel held security over the Group or its assets ('Gandel Proceedings'). Oldfield Investments agreed with Gandel that the DoCA would be amended by way of Court Order honouring Gandel's pre voluntary administration loans to the Group to enable employee entitlements to be paid, which has a statutory priority pursuant to section 560 of the Act.

On 28 February 2020, the Oldfield DoCA was executed between the Group, Oldfield Investments and the Deed Administrators.

Overview

A detailed overview of the Oldfield DoCA is included in the Voluntary Administrators' supplementary report to creditors dated 28 January 2020. A high-level overview of the provisions of the Oldfield DoCA is as follows:

Three DoCA contributions being made into the Creditors' Trust as follows:

- \$2.01 million on effectuation of the Oldfield DoCA. This contribution was increased to \$2.36 million after it was determined to honour the section 560 loans provided by Gandel to the Group;
- \$0.94 million by 31 December 2021 subject to the Group's working capital position being above \$2.5 million at 30 June 2021 (i.e. conditional distribution); and
- \$0.94 million by 31 December 2022 subject to the Group's working capital position being above \$2.5 million at 30 June 2022 (i.e. conditional distribution)
- The following Centennial secured creditors:
 - Montlodge Pty Ltd atf Stanley Family Trust;
 - Bendan Superannuation Pty Ltd atf Crooks Superannuation Fund; and
 - Langsung Pty Ltd atf Langsung Superannuation Fund ('Secured Creditors')
being provided 10% of the issued shares in Centennial
- Oldfield Investments receiving 90% of the issued shares in Centennial pursuant to a section 444GA Court application and section 606 consent from ASIC;
- Gandel being treated as an unsecured creditor; and
- Creditors being dealt with in separate classes.

Oldfield DoCA extensions

The Oldfield DoCA was extended three times from the original completion date of 31 March 2020.

The first extension was to 30 June 2020 to allow the Gandel Proceedings to be determined. The second to 30 September 2020 to allow the appeal to the Gandel Proceedings to be determined. The third extension to 31 December 2020 was to allow the appeal to the Gandel Decision to be heard and subsequent decision to be handed down.

Ability to complete

The Deed Administrators had concerns that the Oldfield DoCA would be unable to be effectuated due to a number of factors, including:

- Secured Creditors (excluding Gandel) stated that they were not supportive of receiving equity in accordance with the Oldfield DoCA and would not release their security over Centennial at effectuation, being a condition to the Oldfield DoCA;
- the Court decision in the Gandel Proceedings that Gandel holds security over the A1 Mine (the Oldfield DoCA treated Gandel as an unsecured creditor);
- both Oldfield and Gandel indicating they would appeal to the High Court if they were unsuccessful in relation to the Gandel Decision which would cause further delays and risks to the trading operations; and
- that the second distribution to creditors (whilst always contingent) would not proceed given the estimated timeline to complete the Oldfield DoCA given that the Gandel Proceedings were appealed.

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

NOTE 23: EVENTS AFTER THE REPORTING PERIOD (continued)

Sale of Debt

Oldfield Investments, with the consent of the Deed Administrators, sold its debt and the secured debt it bought from Langsung Pty Ltd atf Langsung Superannuation Fund, to Golden River Resources Pty Ltd on 23 September 2020. The purchase of the Oldfield Investments' debt was a condition of the DoCA proposed by Golden River Resources Pty Ltd ('GRR'), which was a variation (detailed further below).

The terms of the sale of Oldfield Investments' debt are confidential. As a result of the debt trade, Oldfield Investments dismissed the injunction hearing and the appeal to the Gandel Proceedings.

GRR DoCA

Overview

On 17 September 2020, GRR submitted a proposed variation to the Oldfield DoCA. The key terms of the GRR DoCA are summarised below:

- GRR will make available cash of \$13.5 million which will be used to pay the Oldfield Investments, Secured Creditors, Gandel, and priority creditors and unsecured creditors through a Creditors' Trust and the Deed Administrator for their trading costs and fees. The Deed Administrators have received evidence that \$13.5 million has been paid into a solicitors' trust account
- GRR will either refinance or acquire the Oldfield Investment's debt in full and repay the Langsung Debt – this has been completed
- GRR will assume liabilities which will not be transferred to the Creditors Trust including employee entitlements owing to employees who continue with the Group post completion of the GRR DoCA and Environmental Bonding
- the Deed Administrator convened a meeting of the Company's creditors on 13 October 2020 where the creditors approved the GRR DoCA
- an order was obtained from the Court pursuant to section 444GA of the Act and consent was obtained from ASIC for relief pursuant to section 606 of the Act to transfer the existing Centennial shares from shareholders to GRR
- termination of Centennial's Options (which has already occurred)
- intercompany creditors will not participate in the distribution from the Creditors' Trust
- creditors are dealt with in different classes as follows:

	Cents in the dollar of claim
Date contribution crystallised	Effectuation of DoCA
Estimated timing of payment to creditors	6 April 2021
Return to creditors	Cash – single payment
Payment outside of Creditors Trust	
Gandel inc section 560 Loans, costs, secured and unsecured loans	78.1
Bendan & Montlodge – Secured and unsecured debt	74.5
Payment as part of creditors' trust	
Class A – superannuation and wages	100.0
Class B – employee entitlements for terminated employees	100.0
Class C – Dale Rogers	18.9
Class D – All unsecured creditors, excluding class C, E, & F	19.9
Class E – creditors owed less than \$5k	89.4
Class F – ATO	7.3

- GRR will continue as a secured creditor for the full amount of its debt and continue to hold its security over the Companies until effectuation of its DoCA at which time its debt will either be forgiven or converted into Centennial shares;
- the completion of a transaction between GRR and an ASX listed entity (ListCo) for the acquisition by ListCo of a 100% equity interest in GRR (ListCo Transaction) (which condition may be waived by GRR);
- the appeal proceedings in relation to Gandel Metals' claim as a secured creditor was discontinued ;
- the Secured Creditors consenting to release their security at settlement; and
- sunset date of 31 December 2020 or such later date as agreed between the Deed Administrator an GRR

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

NOTE 23: EVENTS AFTER THE REPORTING PERIOD (continued)

Current Position

An updated position for the completion of the GRR DoCA is as follows:

Condition Precedent	Status
The Companies' creditors approve the DoCA at a meeting of their creditors	Completed
The Deed Administrators applying to Court for leave pursuant to section 444GA of the Act and to ASIC for relief from the prohibitions in section 606 of the Act;	Completed
GRR making \$13.5 million available to the Deed Administrators, less any amounts already paid (which as at today's date is the amount paid to Oldfield to refinance the Oldfield Loan);	Ongoing
Payment of the Cash Contribution by the Deed Administrators into the Creditors' Trust, together with the other available property being transferred into Creditors' Trust, which includes debtors as at the date of effectuation and unsold gold / proceeds from the unsold gold produced on the last Wednesday prior to effectuation and any residual cash less the Deed Administrators' fees, remuneration and expenses;	At effectuation
Deeds of release being entered into with the Secured Creditors and Dale Rogers, whereby those parties release all of their rights, title and claims they may have against the Group and the Deed Administrators and agree to release their security;	Ongoing
Payment of \$2.85 million being made to Gandel Parties in full and final settlement of all their debts including the section 560 loan, unsecured loan, costs, secured loan to the Group and the Gandel Parties releasing their security over the Group;	At effectuation
Payment of \$1.14 million being made to Montlodge (and its related party) and payment of \$191,000 being made to Bendan in full and final settlement of all their debts including unsecured debt and their secured loan to the Group and Bendan and Montlodge (and its related party) releasing their security over the Group;	At effectuation
The Deed Administrators will remove and appoint new directors to Centennial's board of directors as instructed by GRR;	At effectuation
The completion of a transaction between GRR and Kaiser for the acquisition by Kaiser of a 100% equity interest in GRR, which may be waived by GRR;	Ongoing
GRR doing all things necessary to release its security interest against the Group and doing all things necessary to release and remove any registrations against the Group in favour of Oldfield and Langsung;	At effectuation
GRR informing the Deed Administrators as to whether GRR will forgive the Oldfield and Langsung debt refinanced by GRR or convert that debt into Centennial's shares;	At effectuation
The execution of a Creditors' Trust Deed and establishment of the Creditors' Trust	At effectuation

NOTE 24: AUDITOR'S REMUNERATION

The auditor of Centennial Mining Limited group is BDO Audit (WA) Pty Ltd.

	2018 \$	2017 \$
<i>Amounts received or due and receivable by HLB Mann Judd, the outgoing auditor, for:</i>		
Audit of the financial statements – accrual for current period	66,000	44,000
– over/under accrual from prior period	5,291	6,151
Review of half yearly financial statements	35,000	22,750
	106,291	72,901

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

NOTE 25: KEY MANAGEMENT PERSONNEL

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to key management personnel during the year are as follows:

	2018 \$	2017 \$
Short-term employee benefits	480,000	457,500
Post-employment benefits	30,499	27,620
Share-based payment	(30,972)	348,110
	479,527	833,230

NOTE 26: SEGMENT REPORTING

The Group has operated in one segment being the mineral exploration sector in Victoria and accordingly no further disclosure is required in the notes to the consolidated financial statements.

ADMINISTRATORS' DECLARATION

In the Administrators' opinion:

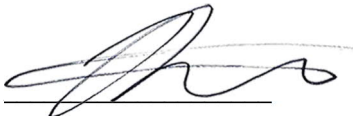
As set out in Note 1, although the administrators have prepared the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

1. Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;
2. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
3. Complying with International Financial Reporting Standards.

Subject to the matters highlighted in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration required to be made in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

This declaration is made in accordance with a resolution of the Administrators (acting in their capacity as Joint and Several Deed Administrators of the Company and each of its wholly owned subsidiaries).



Richard Tucker
Deed Administrator
Centennial Mining Limited (Subject to Deed of Company Arrangement)
c/-KordaMentha

4 December 2020

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF CENTENNIAL MINING LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

As lead auditor of Centennial Mining Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Centennial Mining Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 4 December 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Centennial Mining Limited (Subject to Deed of Company Arrangement)

Report on the Audit of the Financial Report

Disclaimer of opinion

We were engaged to audit the financial report of Centennial Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the Administrators' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for disclaimer of opinion

We were appointed as auditors of the Company on 27 November 2020. On 21 March 2019, Centennial Mining Limited was placed into Administration (subject to a Deed of Company Arrangement). As set out in note 1(a) to the financial report, the Deed Administrators were unable to access financial records to enable the finalisation of the financial report for the year ended 30 June 2018. This prevented them from being able to state that the financial report has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*. Consequently, they were unable to state that the financial report gives a true and fair view of the Group's financial position as at 30 June 2018 and of the financial performance for the year ended on that date.

As a result of the matter described above we were unable to form an opinion on the financial report taken as a whole for the year ended 30 June 2018.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Report on the Remuneration Report

Disclaimer of opinion on the Remuneration Report

We were engaged to audit the Remuneration Report included on pages 19 to 23 of the Directors' Report for the year ended 30 June 2018.

We do not express an opinion on whether the Remuneration report of Centennial Mining limited complies with section 300A of the *Corporations Act 2001*. Because of the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Remuneration Report.

Basis for disclaimer of opinion on the Remuneration Report

We were appointed as auditors of the Company on 27 November 2020. On 21 March 2019, Centennial Mining Limited was placed into Administration (subject to a Deed of Company Arrangement). As set out in note 1(a) to the financial report, the Deed Administrators were unable to access financial records to enable the finalisation of the financial report for the year ended 30 June 2018. This prevented them from being able to state that the financial report has been prepared in accordance with the *Corporations Act 2001*.

As a result of the matter described above we were unable to form an opinion on the Remuneration Report for the year ended 30 June 2018.

Responsibilities

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

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 4 December 2020