



Pure Minerals Limited

**PURE MINERALS LIMITED**

(FORMERLY EAGLE NICKEL LIMITED)

**ABN 61 125 368 658**

**Annual Report for the Year  
Ended 30 June 2018**

# Annual Report

## For the year ended 30 June 2018

### Contents

CORPORATE DIRECTORY .....	3
DIRECTORS' REPORT .....	4
AUDITOR'S INDEPENDENCE DECLARATION .....	19
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	20
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	21
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	22
CONSOLIDATED STATEMENT OF CASH FLOWS .....	23
NOTES TO THE FINANCIAL STATEMENTS .....	24
DIRECTORS' DECLARATION .....	45
INDEPENDENT AUDITOR'S REPORT .....	46
CORPORATE GOVERNANCE STATEMENT .....	50
ASX ADDITIONAL INFORMATION .....	50

## Corporate Directory

### Board of Directors

Jeremy King	(Non-Executive Chairman) (appointed 31 July 2017)
Lincoln Ho	(Non-Executive Director) (appointed 31 July 2017)
Eddie King	(Non-Executive Director) (appointed 26 March 2018)

### Company Secretary

Mauro Piccini (appointed 8 November 2017)

### Registered Office

Level 1, 1 Altona Street  
WEST PERTH, WA 6005

Telephone: +61 3 9191 0135  
Email: [info@pureminerals.com.au](mailto:info@pureminerals.com.au)  
Website: [www.pureminerals.com.au](http://www.pureminerals.com.au)

### Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: PM1)

### Auditors

Rothsay  
Level 1 Lincoln Building  
4 Ventnor Avenue  
West Perth WA 6005

### Solicitors

Bellanhouse  
Level 19, Alluvion  
58 Mounts Bay Rd  
Perth WA 6000

Nova Legal  
2/50 Kings Park Rd  
West Perth WA 6005

### Share Registry

Computershare  
172 St Georges Tce  
Perth WA 6000

The Directors of Pure Minerals Limited ("Pure Minerals" or "the Company") present their report, together with the financial statements of the consolidated entity consisting of Pure Minerals Limited and its controlled entities (the "Group") for the financial year ended 30 June 2018.

## **DIRECTORS**

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

**Jeremy King** | Non-Executive Chairman, LLB  
(Appointed 31 July 2017)

Mr King is a corporate lawyer and adviser with over 15 years' experience in domestic and international legal, financial and corporate matters. Mr King is a director of a boutique corporate advisory and compliance business where he specializes in corporate and strategic advice and managing legal issues associated with clients. He spent several years in London where he worked with Allen and Overy LLP and Debevoise & Plimpton LLP and has extensive experience, particularly in relation to cross border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. He regularly advises ASX listed companies on corporate and commercial matters, and is currently a Non-Executive Director of a number of ASX listed companies.

During the past three years, Mr King held the following directorships in other ASX listed companies: Red Mountain Mining Limited (current), Transcendence Technologies Limited (current), DTI Group Limited (current), Smart Parking Limited (current), EHR Resources Limited (current), Axxis Technology Limited (current), Tando Resources Limited (current), Aldoro Resources Limited (current), Sultan Resources Limited (current), Aquaint Capital Holdings Limited (resigned October 2017) and Plukka Limited (resigned December 2015).

**Lincoln Ho** | Non-Executive Director  
(Appointed 31 July 2017))

With a background in equities trading for over 8 years, Mr Ho has wide knowledge and experience in corporate restructure, mergers and acquisitions. Mr Ho has the ability to negotiate deals across local & overseas markets, working in conjunction with experienced corporate financiers across the emerging caps space. In particular, Mr Ho has a focus on a network of industry and finance contacts across South-East Asia.

During the past three (3) years Mr Ho has held directorships in the following ASX listed companies: Red Mountain Mining Limited (current) and Sultan Resources Limited (current).

**Eddie King** | Non-Executive Director  
(Appointed 26 March 2018)

Mr King is a qualified Mining Engineer. He holds a Bachelor of Commerce and Bachelor of Engineering from the University of Western Australia. His past experience includes being a manager for an investment banking firm, where he specialised in the analysis of technical and financial requirements of bulk commodity and other resources projects.

During the past three years, Mr King held the following directorships in other ASX listed companies: Bowen Coking Coal Limited, Pure Minerals Limited, Six Sigma Metals Limited, Sultan Resources Limited, European Cobalt Limited, Eastern Iron Limited, Drake Resources Limited and Lindian Resources Limited (resigned).

**Robert Parton** | Non-Executive Director, B.Bus, CPA  
(Appointed 26 October 2016, resigned 26 March 2018)

Commencing his career in 1987, Robert spent almost 20 years providing business analysis and management at companies including BHP, Kraft Foods, Crane Company, Mitre 10 and PDL Electronics. Since 2006, Robert has been providing corporate advisory services utilizing his extensive experience in business management, project evaluation and capital-raising across many sectors including real estate, cleantech, IT and manufacturing sectors. He has been involved in transaction management from sourcing, analysis and due diligence evaluation through to settlement and is a qualified accountant with over 20 years membership with CPA Australia.

During the past three (3) years Mr. Parton has held directorships in the following ASX listed companies: Red Mountain Mining Limited, Motopia Limited (Resigned), Viculus Limited (Resigned) and Basper Limited (ASX: BER) (Resigned).

**Sean Keenan** | CEO  
(Appointed 31 July 2017, resigned as Director 26 March 2018)

Mr Keenan is a geologist with a deep and wide-ranging experience mineral project due diligence and mining finance in Australia, Canada and the USA. Mr Keenan holds a BSc. in Geology (with Honours) from the University of Western Australia and MSc. in Mineral Project Appraisal from the Imperial College, London. Mr Keenan began his career as an underground mining geologist in Western Australia, where he gained experience in drill program management and geostatistical reserve and resource modelling. He spent six years in New York and Toronto at BMO Capital Markets, one of the world's leading mining investment banks, in both mining equity research and investment banking. He also spent seven years with Resource Capital Funds (RCF), one of the largest mining focused Private Equity fund management companies, where he was involved in numerous mining due diligence exercises. More recently, he has held the position of General Manager, Corporate Development, with Chalice Gold Mines Ltd.

During the past three years, Mr Keenan held the following directorships in other listed companies: Redstar Gold Corp, a TSXV-listed gold exploration company and Mineral and Financial Investments Ltd, an AIM-listed investment company.

**Bryan Frost** | Non-Executive Director, Stockbroker, AFSL  
(Appointed 26 October 2016, resigned 31 July 2017)

Bryan has a career spanning 55 years that includes experience in stockbroking, investment banking, venture capital, direct investment and corporate structuring. In 1989 Bryan founded Peregrine Corporate Limited, an Australian boutique investment bank which maintains a Financial Services Licence. He has been involved in a myriad of public companies, usually through appointments to board positions and direct funding in a number of sectors including consumer products, mining, biotechnology and technology in Australia, Canada, South Africa, USA, UK, Ghana, Chile and several other countries

During the past three (3) years Mr. Frost has held directorships in the following ASX listed companies: Peregrine Corporate Limited, Public Holdings (Australia) Limited, First Au Limited, Mining Projects Limited, Weld Range Minerals Limited, Armadale Capital PLC.

**Andrew McKay** | Non-Executive Director, B.Com, AFSL  
(Appointed 26 October 2016, resigned 31 July 2017)

After completing a commerce degree at the University of Melbourne, Andrew's experience in the financial markets began as a cash and securities dealer for the Bank of New York in Sydney. After a few years Andrew moved to London and accepted a position as foreign exchange dealer for a Shearson Lehman Hutton subsidiary. Andrew progressed rapidly to the position of Senior Dealer, Futures and Options, with responsibility for implementing the hedging strategy of the treasure department, and trading futures, FX and options. On his return to Australia in 1990 Andrew launched an asset management company to apply his extensive knowledge of markets, developed during his banking days to proprietary trading and the broader asset/fund management world. He has been managing money for clients through Asia since 1996. Andrew is a founder of the business that is now known as Newport Private Wealth Pty Ltd.

During the past three (3) years Mr. McKay has held directorships in the following ASX listed company Basper Limited (ASX: BER).

## COMPANY SECRETARY

### Mauro Piccini

Mr Piccini is a Chartered Accountant (CA) and a member of the Governance Institute of Australia (GIA). He specialises in corporate advisory, company secretarial and financial management services. Mauro spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines.

## INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Unlisted Share Options
Eddie King	500,000	-
Jeremy King		8,500,000
Lincoln Ho		5,000,000
Sean Keenan	250,000	15,000,000
Robert Parton	812,337	1,500,000
Bryan Frost	-	-
Andrew McKay	-	-
	<b>1,562,337</b>	<b>30,000,000</b>

## PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

## REVIEW AND RESULTS OF OPERATIONS

### Overview

#### Battery Hub Project (100% PM1) - E09/2217 and E52/3523

Preliminary metallurgical testwork was undertaken for the Battery Hub manganese project, located in Western Australia's Gascoyne region.

The objectives of the testwork were to (a) determine whether the medium-grade manganese mineralisation can beneficiate to a marketable grade for steel industry consumption, and (b) determine whether the mineralisation appears amenable to leaching and the production of high-purity manganese sulphate, electrolytic manganese dioxide (EMD) and electrolytic manganese metal (EMM).

In order to do this, Pure Minerals engaged METS Engineering ("METS") to design a proof-of-concept flowsheet that entailed crushing and screening, mineralogical testwork using QEMSCAN analysis, heavy liquid separation and magnetic separation. Testwork was conducted by ALS Global laboratories, located in Western Australia, and supervised by METS.

Preliminary leaching testwork was also undertaken as announced 6 September 2018.

The objectives of the testwork were to confirm that the two primary forms of manganese-cobalt mineralisation at Battery Hub (stratiform mineralisation from the Pools prospect, and detrital mineralisation from the Julia prospect) are amenable to atmospheric leaching and the production of high-purity manganese sulphate, electrolytic manganese dioxide (EMD), electrolytic manganese metal (EMM) and cobalt.

The results of the testwork were very encouraging:

- Manganese extractions were very high for both the Pools and Julia, with final leach extractions of between 95% and 99%.

- Final cobalt recoveries were also very good, with results of between 85% and 90%.
- The leaching kinetics of manganese and cobalt were fast, approaching equilibrium in 15 to 30 minutes under the test conditions.
- Significantly, contaminant iron has slow leach kinetics, suggesting simpler downstream processing to produce a high-purity product. Results were enhanced with tests using lower acid concentrations. For example:
- For the detrital (Julia) sample, after 20 minutes 91.6% of the manganese and 81.2% of the cobalt were leached, whereas only 3.8% of iron leached
- For the stratiform (Pools) sample, after 20 minutes 97.6% of the manganese and 84.7% of the cobalt were leached, whereas only 7.6% of iron leached

Testwork was conducted by the CSIRO, located in Western Australia, and supervised by METS Engineering ("METS").

#### **Morrissey Hill (80% PM1) – E09/2136 and E09/2133**

The Company completed infill soil sampling at its 80%-owned Morrissey Hill project located in Western Australia's Gascoyne region.

The objective was to improve the resolution of a large (5 km long by 1 km wide) anomaly that was previously announced on 5th October 2017.

The soil survey consisted of 1,114 samples over a 200m x 50m grid that infilled and extended the previous program of 133 samples collected on an 800m x 200m grid. A minus 80 mesh fraction was also trialled to improve the resolution of the anomalous area. All samples were then subjected to analysis using a portable XRF analyser, from this a further 507 samples were prioritised for further analysis, including analysis for Lithium in Perth.

The 59 km<sup>2</sup> Morrissey Hill project is known to host multiple pegmatite intrusions and fractionated granites which have the potential to host lithium mineralisation. The soil sampling program was designed to identify lithological packages with anomalous pathfinder elements for lithium-caesium-tantalum pegmatites (Li, Cs, Ta, Nb, Rb) which may indicate sub-cropping prospective pegmatites.

#### **Mount Boggola (80% PM1) – E08/2693**

The Company completed a review of open source geophysical data, with a focus being placed on the analysis of an available helicopter-acquired electromagnetic survey completed by a previous operator. The review identified low priority responses associated with interpreted intersecting structures (ENE and NW). In addition to this, stronger anomalism identified within the area is interpreted as being associated with shallow level features, such as drainage or sub-crop. Given the age and quality of the survey, the Company does not believe the survey is conclusive and further detailed ground based geophysical surveys may be warranted over the anomalous responses.

#### **Regnard Bay (100% PM1) – E47/3919**

Tenement remains pending grant. A hearing to address any objections was deferred to the September quarter. The Company expects the objections to be resolved satisfactorily.

#### **Financial Performance**

The financial results of the Company for the year ended 30 June 2018 are:

	<b>30-Jun-18</b>	<b>30-Jun-17</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b>2,822,683</b>	23,977
Net Assets/ (Net Liabilities)	<b>4,401,686</b>	(343,326)
Revenue	<b>13,457</b>	105,321
Net loss after tax	<b>(2,755,575)</b>	(215,084)

The financial result for the year ended 30 June 2018 is a net loss after tax of \$2,755,575 (2017: loss of \$215,084). As at 30 June 2018, the Company had a net cash balance of \$2,822,683 (2017: \$23,977) and net assets of \$4,401,686 (2017: \$343,326).

## **DIVIDENDS**

No dividends have been paid or declared by the Company since the end of the previous financial year. No dividend is recommended in respect of the current financial year.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

On 31 July 2017, the Company announced the completion of the transactions to acquire 100% of the issued capital of Pure Manganese Pty Ltd (including the acquisition of the Lake Blanche Tenement) and 80% of Mineral Developments Pty Ltd.

In addition, the Company raised \$4,500,000 under the public offer pursuant to the prospectus date 4 May 2017 and supplementary prospectus dated 22 June 2017.

On 4 August 2017, the Company achieved reinstatement on the ASX.

On 22 May 2018, the Company raised \$700,000 by the way of a placement of 43,750,000 fully paid ordinary shares at an issue price of \$0.016 per shares to professional and sophisticated investors.

## **Board Appointments and Resignations**

On 31 July 2017, the Company appointed Jeremy King, Sean Keenan and Lincoln Ho as Directors of the Company. On the same day, Bryan Frost and Andrew McKay resigned.

On 28 March 2018, the Company appointed Eddie King as a Director of the Company. On the same day, Robert Parton and Sean Keenan resigned as Directors and Sean Keenan was appointed CEO.

With the exception of the above, there has been no significant change in the state of affairs.

## **MATTERS SUBSEQUENT TO THE REPORTING PERIOD**

As announced 9 July 2018 Pure Minerals entered into a binding agreement to explore for cobalt in Missouri USA. Pure Minerals may acquire 75% of a portfolio of exploration applications with the Bureau of land management in Missouri (U.S) and an agreement with a private landowner totalling 2,843 acres.

On 16 August 2018, 43,750,000 free attaching options were issued as a part of the placement announced 22 May 2018 on a 1 for 1 basis, expiring 21 December 2019, exercisable at \$0.03 per option.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

### **Battery Hub (100%)**

The results of the Preliminary leaching testwork confirm and exceed Pure Minerals' expectations, first outlined in June 2018, of attractive leach recoveries at Battery Hub.

Most significantly, Pure Minerals has de-risked a key component of the Battery Hub project prior to engaging in the more expensive aspects of mineral development, such as resource drilling and bulk sampling – potentially significant given the 70km-long strike length of mineralisation. The successful leaching testwork provides Pure Minerals with greater confidence to advance the project further.



METS and the CSIRO have recommended Pure Minerals develop next stage of scope of work for further investigation and optimisation of the leaching conditions, separation / purification options and the recovery of individual high purity Mn and Co products.

**Morrissey Hill (80%)**

Pure Minerals has submitted an Exploration Program of Work to the WA Department of Mines, Industry Regulation and Safety, seeking approval to begin Reverse Circulation (RC) drilling on tenement E09/2136.

The focus will be testing a high priority anomaly that was identified in soil sampling. More than 12 RC holes, totalling more than 1,000 metres over three drill lines, have been planned to test the anomaly.

**Mt Boggola (80%)**

The Company does not believe the survey conducted is conclusive and more detailed ground based geophysical surveys may be warranted over the anomalous responses.

**Regnard Bay (100% PM1) – E47/3919**

Pending tenement grant.

**DIRECTORS' MEETINGS**

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Director	Number Eligible to Attend	Number Attended
Sean Keenan	1	1
Eddie King	1	1
Jeremy King	2	2
Robert Parton	-	-
Lincoln Ho	2	2
Bryan Frost	-	-
Andrew McKay	-	-

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement.

## REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2018 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

### a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Company during or since the end of the financial year were:

Sean Keenan	CEO
Jeremy King	Non-Executive Chair
Robert Parton	Non-Executive Director
Lincoln Ho	Non-Executive Director
Eddie King	Non-Executive Director
Bryan Frost	Non-Executive Chair
Andrew McKay	Non-Executive Director

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A	Remuneration Philosophy
B	Remuneration Governance, Structure and Approvals
C	Remuneration and Performance
D	Details of Remuneration
E	Service Agreements
F	Share-based Compensation
G	Equity Instruments Issued on Exercise of Remuneration Options
H	Loans with KMP
I	Other Transactions with KMP

### A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Company. KMP of the Company comprise of the Board of Directors.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

Voting and comments made at the Company's Annual General Meeting

At the 2017 Annual General Meeting, the resolution to adopt the Remuneration Report for the year ended 30 June 2017 was passed unanimously without amendment on a show of hands "For" the resolution to adopt the Remuneration Report. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

### B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Company renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;

- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

#### ❖ **Non-Executive Remuneration Structure**

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A\$150,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

#### ❖ **Executive Remuneration Structure**

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

#### ❖ **Executive Remuneration Approvals**

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

## C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Company as at 30 June 2018.

	30-Jun-18	30-Jun-17
Revenue (\$)	13,457	105,321
Net loss after tax (\$)	(2,755,575)	(215,084)
EPS (\$)	(1.17)	(1.19)
Share price	0.014	0.025

### Relationship between Remuneration and Company Performance

Given the recent listing of the Company and the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

- a) Fixed Remuneration – base salary
- b) Variable Short-Term Incentives
- c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

#### a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

#### b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

#### c) Variable Remuneration – Long-Term Incentives (LTI)

Options are issued at the Board's discretion. There have been no options issued to employees at the date of this financial report.

**D Details of Remuneration**

Details of the nature and amount of each major element of the remuneration of each KMP of the Company during the financial year are:

Table 1 – Remuneration of KMP of the Company for the year ended 30 June 2018 is set out below:

30 June 2018	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options <sup>(v)</sup>	
	\$	\$	\$	\$	\$	\$
<b>Key Management Personal</b>						
Jeremy King	55,000 <sup>(i)</sup>	-	-	-	147,080	202,080
Eddie King	11,295 <sup>(ii)</sup>	-	-	-	-	11,295
Lincoln Ho	38,500 <sup>(iii)</sup>	-	-	-	86,518	125,018
Sean Keenan	129,217	-	-	-	259,553	388,770
Robert Parton	48,850 <sup>(iv)</sup>	17,500	-	-	25,955	92,305
* Bryan Frost	-	-	-	-	-	-
* Andrew McKay	-	-	-	-	-	-
<b>Total</b>	<b>282,862</b>	<b>17,500</b>	<b>-</b>	<b>-</b>	<b>519,106</b>	<b>819,468</b>

- (i) An amount of \$55,000 has been paid to Bushwood Nominees Pty Ltd relating to Mr King's Directors Fees of which \$5,000 is payable at 30 June 2018.
- (ii) An amount of \$11,295 is payable as at 30 June 2018 to King Corporate Pty Ltd relating to Mr King's Director Fees.
- (iii) An amount of \$38,500 was paid to Saltus Corporate Pty Ltd relating to Mr Ho's Director fees.
- (iv) An amount of \$66,350 was paid to TPG Australasia Pty Ltd, relating to Mr Parton's Director Fees and \$17,500 for consulting fees, of which \$3,850 was payable as at 30 June 2018.
- (v) Share-based payments are the options expensed immediately (refer to Note 17 for further details).

\*Bryan Frost and Andrew McKay did not receive any remuneration during the financial year ended 30 June 2018 as they resigned 31 July 2017.

30 June 2017	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
	\$	\$	\$	\$	\$	\$
<b>Key Management Personal</b>						
Sean Keenan	-	-	-	-	-	-
Jeremy King	-	-	-	-	-	-
** Robert Parton	7,000	-	-	-	-	7,000
Lincoln Ho	-	-	-	-	-	-
* Bryan Frost	-	-	-	-	-	-
* Andrew McKay	-	-	-	-	-	-
Xuefeng Mei	-	-	-	-	-	-
<b>Total</b>	<b>7,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000</b>

\*Bryan Frost and Andrew McKay did not receive any remuneration during the financial year ended 30 June 2017.

\*\*Robert Parton received remuneration for May and June 2017.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above.

Table 2 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2018	2017	2018	2017	2018	2017
<b>Key Management Personal</b>						
Sean Keenan	33%	-	67%	-	-	-
Jeremy King	27%	-	73%	-	-	-
Robert Parton	53%	-	47%	-	-	-
Lincoln Ho	31%	-	69%	-	-	-
Bryan Frost	-	-	-	-	-	-
Andrew McKay	-	-	-	-	-	-

Table 3 – Shareholdings of KMP (direct and indirect holdings)

30 June 2018	Balance at 01/07/2017	Granted as Remuneration	Other*	Balance at 30/06/2018
<b>Key Management Personal</b>				
Sean Keenan	250,000	-	-	250,000
Eddie King	500,000	-	-	500,000
Jeremy King	-	-	-	-
Robert Parton	812,337	-	(812,337)	-
Lincoln Ho	-	-	-	-
Bryan Frost	1,977,612	-	(1,977,612)	-
Andrew McKay	115,552	-	(115,552)	-
	<b>3,655,501</b>	<b>-</b>	<b>(2,905,501)</b>	<b>750,000</b>

\*Directors resigned during the period ended 30 June 2018

Table 4 – Option holdings of KMP (direct and indirect holdings)

30 June 2018	Balance at 01/07/2017	Issued as Remuneration	Exercised	Other*	Balance at 30/06/2018	Vested & Exercisable
<b>Key Management Personal</b>						
Sean Keenan	-	15,000,000	-	-	15,000,000	-
Eddie King	-	-	-	-	-	-
Jeremy King	-	8,500,000	-	-	8,500,000	-
Robert Parton	-	1,500,000	-	(1,500,000)	-	-
Lincoln Ho	-	5,000,000	-	-	5,000,000	-
Bryan Frost	-	-	-	-	-	-
Andrew McKay	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>30,000,000</b>	<b>-</b>	<b>(1,500,000)</b>	<b>28,500,000</b>	<b>-</b>

\*Director resigned during the period ended 30 June 2018

## E Service Agreements

- ❖ **Sean Keenan – Executive Director, CEO**
  - Contract: Commenced on 31 July 2017 to 26 March 2018.
  - Director Fees: \$108,000 p.a.
  - Term: Resigned 26 March 2018
  - Contract: Commenced 26 March 2018
  - CEO Fees: \$180,000 p.a.
  - Term: no fixed term
  
- ❖ **Jeremy King – Non-Executive Chairman**
  - Contract: Commenced on 31 July 2017.
  - Director's Fee: \$60,000 p.a.
  - Term: no fixed term
  
- ❖ **Robert Parton – Non-Executive Director**
  - Contract: Commenced on 26 October 2016.
  - Director's Fee: \$42,000 p.a. commencing May 2017
  - Term: Resigned 26 March 2018
  
- ❖ **Lincoln Ho – Non-Executive Director**
  - Contract: Commenced on 31 July 2017.
  - Director's Fee: \$42,000 p.a.
  - Term: no fixed term
  
- ❖ **Eddie King – Non-Executive Director**
  - Contract: Commenced on 26 March 2018.
  - Director's Fee: \$42,000 p.a.
  - Term: no fixed term
  
- ❖ **Bryan Frost – Non-Executive Director**
  - Contract: Commenced on 26 October 2016.
  - Director's Fee: Nil
  - Term: resigned 31 July 2017
  
- ❖ **Andrew McKay – Non-Executive Director**
  - Contract: Commenced on 26 October 2016.
  - Director's Fee: Nil
  - Term: resigned 31 July 2017.

**F Share-based Compensation**

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and/or performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

**Options**

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

30 June 2018	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise Price	Fair value per option at grant date
<b>Key Management Personal</b>						
Sean Keenan	15,000,000	30/11/2017	21/12/2022	21/12/2022	0.03	0.017
Eddie King	-	-	-	-	-	-
Jeremy King	8,500,000	30/11/2017	21/12/2022	21/12/2022	0.03	0.017
Robert Parton	1,500,000	30/11/2017	21/12/2022	21/12/2022	0.03	0.017
Lincoln Ho	5,000,000	30/11/2017	21/12/2022	21/12/2022	0.03	0.017
Bryan Frost	-	-	-	-	-	-
Andrew McKay	-	-	-	-	-	-

On 21 December 2017, the Company issued 30,000,000 options to the Directors, exercisable at \$0.03 on or before 21 December 2022. The Grant Date of the 30,000,000 options is 30 November 2017 which is the date of the General Meeting when the options were approved. In line with Australian Accounting Standards, these options have been fair valued based on grant date on 30 November 2017 and a share-based payment expense has been recognised as at 30 June 2018 in the statement of profit or loss and other comprehensive income. The total value of the options issued was \$519,105.

30 June 2018	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	\$	\$	\$	\$
<b>Key Management Personal</b>				
Sean Keenan	259,553	-	-	259,553
Eddie King	-	-	-	-
Jeremy King	147,080	-	-	147,080
Robert Parton	25,955	-	-	25,955
Lincoln Ho	86,517	-	-	86,517
Bryan Frost	-	-	-	-
Andrew McKay	-	-	-	-

At the date of this report, the unissued ordinary shares of the Company under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

**G Equity Instruments Issued on Exercise of Remuneration Options**

No remuneration options were exercised during the financial year.

**H Loans with KMP**

There were no loans made to any KMP during the year ended 30 June 2018 (2017 nil).



## **I Other Transactions with KMP**

During the financial year, the Company incurred fees of \$98,070 for company secretarial and financial management services payable to Mirador Corporate, a Company of which Jeremy King is a Director.

The Company incurred \$37,500 for office rental fees payable to Red Mountain Mining, a Company of which Jeremy King and Lincoln Ho are Directors.

There were no other transactions with KMP during the year ended 30 June 2018.

## **J Additional Information**

The earnings of the Company for 30 June 2018 are summarised below:

	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
Revenue	<b>13,457</b>	105,321
EBITDA	<b>(2,755,575)</b>	(215,084)
EBIT	<b>(2,755,575)</b>	(215,084)
Loss after income tax	<b>(2,755,575)</b>	(215,084)
Share Price	<b>0.014</b>	0.025
Basic EPS (\$)	<b>(1.17)</b>	(1.19)
Diluted EPS (\$)	<b>(1.17)</b>	(1.19)

## **End of Audited Remuneration Report.**

## **SHARES UNDER OPTION**

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

111,250,000 options expiring 21 December 2019, exercisable at 3 cents each.

## **SHARES ISSUED ON EXERCISE OF OPTIONS**

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

## **INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

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

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

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

## **ENVIRONMENTAL REGULATIONS**

The company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

**AUDITOR**

Rothsay continues in office in accordance with section 327 of the Corporations Act 2001.

**OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ROTHSAY AUDITING**

There are no officers of the company who are former partners Rothsay Auditing.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and included within these financial statements.

**NON-AUDIT SERVICES**

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 22 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of Board of Directors.



**JEREMY KING**  
**NON-EXECUTIVE CHAIRMAN**  
28 September 2018



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

The Directors  
Pure Minerals Limited  
Level 1, 1 Altona St  
West Perth WA 6005

Dear Directors

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2018 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 28 September 2018



Chartered Accountants

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Revenue from continuing operations</b>			
Other income	4	13,457	105,321
<b>Expenses</b>			
Consulting and Legal Fees	5(b)	(1,524,065)	(118,642)
Directors and Management fees	5(c)	(274,305)	(7,000)
Share and company registry		(49,413)	(28,216)
Listing Fees		(43,763)	(85,462)
Professional Fees		(161,842)	(30,700)
Insurance		(32,156)	-
Rent		(42,458)	-
Other expenses		(62,719)	(1,385)
Share based payments		(519,105)	-
Impairment of intangible assets	5(c)	-	(49,000)
Impairment of exploration assets	5(c)	(59,206)	-
<b>Loss from continuing operations before income tax</b>		<b>(2,755,575)</b>	<b>(215,084)</b>
Income tax expense	6	-	-
<b>Loss from continuing operations after income tax</b>		<b>(2,755,575)</b>	<b>(215,084)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available for sale financial asset		-	(72,581)
<b>Total other comprehensive income for the year, net of tax</b>		<b>(2,755,575)</b>	<b>(72,581)</b>
<b>Loss from continuing operations attributable to:</b>		<b>(2,755,575)</b>	<b>(287,665)</b>
Members of the parent entity		(2,755,575)	(287,665)
Non-controlling interest recognised		-	-
<b>Total comprehensive loss for the year ended is attributable to:</b>			
Owners of Pure Minerals Limited		(2,755,575)	(287,665)
Non-controlling interests		-	-
<b>Loss per share for the year attributable to the members of Pure Minerals Limited:</b>			
Basic loss per share (cents)	7	(1.17)	(1.19)
Diluted loss per share (cents)	7	(1.17)	(1.19)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

**Consolidated Statement of Financial Position**

As at 30 June 2018

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	<b>2,822,683</b>	23,977
Trade and other receivables	9	<b>27,839</b>	33,063
<b>Total current assets</b>		<b>2,850,522</b>	57,040
<b>Non-current assets</b>			
Exploration and evaluation assets	10	<b>1,723,361</b>	-
<b>Total non-current assets</b>		<b>1,723,361</b>	-
<b>Total assets</b>		<b>4,573,883</b>	<b>57,040</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	<b>172,197</b>	189,365
Other current liabilities		-	211,002
<b>Total current liabilities</b>		<b>172,197</b>	400,367
<b>Total liabilities</b>		<b>172,197</b>	400,367
<b>Net assets/(Net liabilities)</b>		<b>4,401,686</b>	(343,327)
<b>EQUITY</b>			
Contributed equity	13	<b>10,383,419</b>	4,911,661
Reserves	14	<b>4,446,028</b>	2,457,198
Accumulated losses		<b>(10,467,761)</b>	(7,712,186)
<b>Capital and reserves attributable to owners of the company</b>		<b>4,361,686</b>	(343,327)
Non-controlling interest		<b>40,000</b>	-
<b>Total equity</b>		<b>4,401,686</b>	(343,327)

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2018

	Issued Capital \$	Share-based Payment Reserve \$	Available for sale reserve \$	Non- Controlling Interests \$	Accumulated Losses \$	Total \$
<b>At 1 July 2017</b>	<b>4,911,661</b>	<b>2,467,753</b>	<b>(10,555)</b>		<b>(7,712,186)</b>	<b>(343,327)</b>
Loss for the year	-	-	-	-	(2,755,575)	(2,755,575)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year after tax</b>					<b>(2,755,575)</b>	<b>(2,755,575)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Issue of share capital	5,200,000	-	-	-	-	5,200,000
Share issue costs	(278,242)	-	-	-	-	(278,242)
Issue of listed options	-	519,105	-	-	-	519,105
Issue of non-listed options	-	769,725	-	-	-	769,725
Reserve for Milestone shares for Pure Manganese	-	700,000	-	-	-	700,000
Issue of conversion shares	200,000	-	-	-	-	200,000
Purchase of Pure Manganese	250,000	-	-	-	-	250,000
Purchase of 80% of Mineral Developments	100,000	-	-	-	-	100,000
Non-controlling interest on acquisition of subsidiary	-	-	-	40,000	-	40,000
<b>At 30 June 2018</b>	<b>10,383,419</b>	<b>4,456,583</b>	<b>(10,555)</b>	<b>40,000</b>	<b>(10,467,761)</b>	<b>4,401,686</b>
<b>At 1 July 2016</b>	<b>4,911,661</b>	<b>2,467,753</b>	<b>62,026</b>		<b>(7,497,102)</b>	<b>(55,662)</b>
Loss for the period	-	-	-	-	(215,084)	(215,084)
Other comprehensive income	-	-	(72,581)	-	-	(72,581)
<b>Total comprehensive income/(loss) for the period after tax</b>						<b>(287,665)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Issue of share capital	-	-	-	-	-	-
<b>At 30 June 2017</b>	<b>4,911,661</b>	<b>2,467,753</b>	<b>(10,555)</b>		<b>(7,712,186)</b>	<b>(343,327)</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Cash Flows

For the Financial Year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>	8(a)		
Payments to suppliers and employees		(1,473,248)	(240,647)
Interest received		13,457	38
<b>Net cash used in operating activities</b>		<b>(1,459,791)</b>	<b>(240,609)</b>
<b>Cash flows from investing activities</b>			
Payment of exploration activities capitalised		(573,371)	-
Payment for costs related to purchase of 80% of Mineral Developments Pty Ltd		(60,000)	-
Payment for costs related to the purchase of the Lake Blanche Tenement		(30,000)	-
Cash acquired upon acquisition of subsidiaries		110	
Proceeds from sale of shares		-	52,339
<b>Net cash from investing activities</b>		<b>(663,261)</b>	<b>52,339</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		5,200,000	-
Share issue costs		(278,242)	-
Proceeds from issue of convertible notes		-	200,000
Capital raising proceeds received in advance		-	11,001
<b>Net cash from financing activities</b>		<b>4,921,758</b>	<b>211,001</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>2,798,706</b>	<b>22,731</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>23,977</b>	<b>1,246</b>
<b>Cash and cash equivalents at the end of the year</b>	8	<b>2,822,683</b>	<b>23,977</b>

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting Entity

Pure Minerals Limited (referred to as the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the “Consolidated Entity” or the “Group”).

#### (b) Basis of Preparation

##### ***Statement of compliance***

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). Pure Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 28 September 2018.

##### ***Basis of measurement***

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

##### ***Parent entity information***

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 24.

##### ***New, revised or amended standards and interpretations adopted by the Group***

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new, revised, or amending Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

##### ***New standards and interpretations not yet mandatory or early adopted***

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The consolidated entity’s assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group are set out below.

#### *(i) AASB 9 Financial Instruments and its consequential amendments*

This standard is applicable to annual report periods beginning on or after 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income (‘OCI’). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity’s own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management



## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (b) Basis of Preparation (cont.)

activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The Group will adopt this standard and the amendments from 1 July 2018. It is not expected for the application of the new standard to have a significant impact on the Company's financial statements.

#### (ii) *AASB 15 Revenue from contracts with customers*

The AASB has issued this new standard for the recognition of revenue. This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. It is not expected for the application of the new standard to have a significant impact on the Company's financial statements.

#### (iii) *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but there is no material impact to the Company.

#### ***Significant Judgements and Estimates***

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

#### (c) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (d) Principles of Consolidation

##### Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pure Minerals Limited ('Company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Pure Minerals Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

#### (e) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the entity has one reportable segment.

#### (f) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the consolidated entity and the revenue can be reliably measured.

##### *Interest revenue*

Interest revenue is recognised as it accrues, using the effective interest method.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (g) Income Tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (h) Exploration and evaluation expenditure

##### ***Exploration and evaluation assets acquired***

Exploration and evaluation assets comprise of acquisition of mineral rights and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if facts or circumstances suggest that the carrying amount exceeds the recoverable amount.

##### ***Exploration and evaluation assets***

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

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (i) Asset Acquisition not constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for the deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

#### (j) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

#### (k) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

#### (l) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### (m) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Company. Trade payables are usually settled within 30 days of recognition.

#### (n) 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

#### (o) Employee Benefits

##### *Short-term employee benefits*

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

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (o) Employee Benefits continued

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### (p) Share-based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

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

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

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

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

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

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

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

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (p) Share-based Payments continued

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

#### (q) Contributed equity

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

#### (r) Earnings Per Share

##### ***Basic earnings per share***

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

##### ***Diluted earnings per share***

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (s) Goods and Services Tax (“GST”)

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

Receivables and payables area stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

#### (t) Current and Non-Current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

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

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

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

#### (u) Dividends

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

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

## Notes to the Financial Statements

### NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

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

#### Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

### NOTE 3 SEGMENT INFORMATION

The Group operates only in one reportable segment being predominately in the area of mineral exploration in Western Australia. The Board considers its business operations in gold mineral exploration to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently, revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

### NOTE 4 REVENUE AND OTHER INCOME

	2018 \$	2017 \$
<b>Revenue from continuing operations</b>		
<i>Other income</i>		
Interest received	13,457	49,038
Sale of investments	-	52,339
Gain on disposal of investment	-	3,944
	<b>13,457</b>	<b>105,321</b>



## Notes to the Financial Statements

### NOTE 5 EXPENSES

	2018 \$	2017 \$
<b>(b) Consultancy and legal expenses</b>		
Consulting fees <sup>(i)</sup>	(1,416,848)	(38,500)
Legal fees	(107,217)	(80,142)
	<b>(1,524,065)</b>	<b>(118,642)</b>
(i) Includes share-based payment expense for options issued to consultants please refer to note 17.		
<b>(c) Employee benefit expenses</b>		
Directors salary	(274,305)	(7,000)
<i>Impairment</i>		
Capitalised exploration	(59,206)	-
Receivables – Interest	-	(49,000)

### NOTE 6 INCOME TAX

	2018 \$	2017 \$
<b>(a) The components of tax expense comprise:</b>		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-
<b>(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Loss before income tax expense	(2,755,575)	(215,084)
Prima facie tax benefit on loss before income tax at 27.5% (2017: 27.5%)	(757,783)	(59,148)
<b>Tax effect of:</b>		
Non-deductible expenses	182,280	187
Temporary Differences	575,503	32,591
Deferred tax assets not brought to account	-	26,370
<b>Total</b>	<b>-</b>	<b>-</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	7,338,423	4,587,472
Potential tax benefit at 27.5%	2,018,066	1,261,555

Pure Minerals Limited does not currently recognise any deferred tax asset arising from carried forward tax losses. The estimated potential deferred tax asset at 27.5% not brought to account which is attributable to tax losses carried forward at 30 June 2018 is \$2,018,066 (2017: \$1,261,956).

## Notes to the Financial Statements

### NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2018	2017
Net loss for the year/period	(2,755,575)	215,084
Weighted average number of ordinary shares for basic and diluted loss per share.	235,489,726	18,129,059

#### Continuing operations

- Basic and diluted loss per share (cents)	(1.17)	(1.19)
--	--------	--------

### NOTE 8 CASH AND CASH EQUIVALENTS

	2018 \$	2017 \$
Cash at bank and in hand	1,322,683	23,977
Short-term deposits	1,500,000	-
	<b>2,822,683</b>	<b>23,977</b>

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

The Company's exposure to interest rate and credit risks is disclosed in Note 15.

#### (a) Reconciliation of net loss after tax to net cash flows from operations

Loss for the financial year	(2,755,575)	(215,084)
-----------------------------	-------------	-----------

#### Adjustments for:

Impairment of asset	(29,304)	-
Share based payments	1,288,830	
Non-controlling interest	40,000	
Convertible note conversion	200,000	
Other non cash items	13,934	

#### Changes in assets and liabilities

Receivables	10,496	(65,003)
Trade and other payables	(228,172)	39,478
<b>Net cash used in operating activities</b>	<b>1,459,791</b>	<b>(240,609)</b>

### NOTE 9 TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
GST receivable	21,304	33,063
Other deposits and receivables	6,535	-
Interest receivable	-	49,000
Less: provision for impairment	-	(49,000)
	<b>27,839</b>	<b>33,063</b>

## Notes to the Financial Statements

### NOTE 10 EXPLORATION AND EVALUATION

	2018	2017
	\$	\$
Opening balance	-	-
Additions capitalised during the period	613,396	-
Acquisition of Mineral Developments Pty Ltd	160,000	-
Acquisition of Pure Manganese Pty Ltd	950,000	-
Acquisition of Lake Blanche project	30,000	-
Impairment of capitalised expenditure	(30,035)	-
	<b>1,723,361</b>	-

### NOTE 11 TRADE AND OTHER PAYABLES

Trade payables <sup>(i)</sup>	114,811	162,593
Accrued expenses	57,386	26,275
Other payables	-	497
	<b>172,197</b>	<b>189,365</b>

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

### NOTE 12 OTHER CURRENT LIABILITIES

	2018	2017
	\$	\$
Convertible notes payable	-	200,000
Capital raising income received in advance	-	11,002
	<b>-</b>	<b>211,002</b>

During the 2017 period, the Company issued 200,000 convertible notes with a face value of \$1 each to RTO Opportunities Trust, an entity associated with Andrew McKay a director of the Company during the period. The notes were converted to 10,000,000 ordinary shares on 31 July 2017.

### NOTE 13 CONTRIBUTED EQUITY

#### (a) Issued and fully paid

	2018	No.	2017	No.
	\$		\$	
Ordinary shares	<b>10,383,419</b>	<b>314,379,059</b>	4,911,661	18,129,059

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

#### (b) Movement reconciliation

	Number	\$
<b>At 1 July 2016</b>	<b>121,463,190</b>	4,911,661
Share consolidation 10 May 2017 <sup>(i)</sup>	<b>18,129,059</b>	4,911,661
<b>At 30 June 2017</b>	<b>18,129,059</b>	4,911,661
<b>At 1 July 2017</b>	<b>18,129,059</b>	4,911,661
Shares issued at \$0.20 per share	<b>225,000,000</b>	4,500,000
Consideration Shares for acquisition of Pure Manganese	<b>12,500,000</b>	250,000
Consideration Shares for acquisition of 80% of Minerals Development	<b>5,000,000</b>	100,000
Conversion of convertible notes <sup>(iii)</sup>	<b>10,000,000</b>	200,000
Shares issued at \$0.016 per share	<b>43,750,000</b>	700,000
Share issue costs	-	(278,242)
<b>At 30 June 2018</b>	<b>314,379,059</b>	<b>10,383,419</b>

## Notes to the Financial Statements

### NOTE 13 CONTRIBUTED EQUITY CONTINUED

- (i) At the General Meeting on 5 May 2017, The Company received shareholder approval to undertake a 6.7:1 share consolidation resulting in a revised issued share capital of 18,128,834 fully paid ordinary shares.
- (ii) During the 2017 period, the Company issued 200,000 convertible notes with a face value of \$1 each to RTO Opportunities Trust, an entity associated with Andrew McKay, a director of the Company. The notes were converted to 10,000,000 ordinary shares on 31 July 2017.

### NOTE 14 RESERVES

	2018 \$	2017 \$
Available-for-sale reserve	(10,555)	(10,555)
Share-based payment reserve	4,456,583	2,467,753
	<b>4,446,028</b>	<b>2,457,198</b>
<b>Movement reconciliation</b>		
<b>Available for sale reserve</b>		
<b>Balance at the beginning of the year</b>	(10,555)	62,026
Sale of financial assets	-	(52,339)
Change in fair value	-	(20,242)
<b>Balance at the end of the year</b>	<b>(10,555)</b>	<b>(10,555)</b>
<b>Share-based payment reserve</b>		
<b>Balance at the beginning of the year</b>	2,467,753	2,467,753
Milestone share reserve	700,000	-
Director options <sup>(i)</sup>	519,105	-
Listed options issued to Xcel Capital Pty Ltd <sup>(iii)</sup>	769,725	-
<b>Balance at the end of the year</b>	<b>4,456,583</b>	<b>2,467,753</b>

*(i) Options issued to Directors*

On 21 December 2017, the Company issued 30,000,000 options to the Directors, exercisable at \$0.03 on or before 21 December 2022. The Grant Date of the 30,000,000 options is 30 November 2017 which is the date of the General Meeting when the options were approved. In line with Australian Accounting Standards, these options have been fair valued based on grant date on 30 November 2017 and a share-based payment expense has been recognised as at 30 June 2018 in the statement of profit or loss and other comprehensive income. The total value of the options issued was \$519,105.

*(ii) Options issued to Xcel Capital Pty Ltd*

On 21 December 2017, the Company issued 67,500,000 options to Xcel Capital Pty Ltd in lieu of corporate advisory services performed, as such the expense has been classified as consulting fees. The options are exercisable at \$0.03 on or before 21 December 2019. The Grant Date of the 67,500,000 options is 30 November 2017 which is the date of the General Meeting when the options were approved. In line with Australian Accounting Standards, these options have been fair valued based on grant date on 30 November 2017 and a share-based payment expense has been recognised as at 30 June 2018 in the statement of profit or loss and other comprehensive income. The total value of the options issued was \$769,725.

#### Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

#### Available for sale reserve

The available for sale reserve records changes in the fair value of financial assets.

## Notes to the Financial Statements

### NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Company are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Company's financial instruments are as follows:

	2018 \$	2017 \$
Financial Assets		
Cash and cash equivalents	2,822,683	23,977
Trade and other receivables	27,839	33,063
	<b>2,850,522</b>	<b>57,040</b>

#### (a) Market risk

##### (i) Foreign exchange risk

The Company does not operate internationally and is not exposed to foreign currency risk.

##### (ii) Interest rate risk

The Company is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Company's exposure to this risk relates primarily to the Company's cash and any cash on deposit. The Company does not use derivatives to mitigate these exposures. The Company manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

	2018 Weighted average interest rate <sup>(i)</sup>	Balance \$	2017 Weighted average interest rate	Balance \$
Cash and cash equivalents	1.35%	2,822,683	1.68%	23,977

(i) This interest rate represents the average interest rate for the period.

#### Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Post-tax profit higher/(lower)		Other comprehensive higher/(lower)	
Judgements of reasonably possible movements:	2018 \$	2017 \$	2018 \$	2017 \$
+ 1.0% (100 basis points)	28,277	240	28,277	73
- 1.0% (100 basis points)	(28,277)	(240)	(28,277)	(73)

## Notes to the Financial Statements

### NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

#### (b) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Company's policy is to trade only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Company does not have any external borrowings. The following are the contractual maturities of financial liabilities:

	6 months	6-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$	\$
<b>2018</b>					
Trade and other payables	172,197	-	-	-	172,197
<b>2017</b>					
Trade and other payables	400,367	-	-	-	400,367

#### (d) Capital risk management

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

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

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

## Notes to the Financial Statements

### NOTE 16 RELATED PARTY DISCLOSURES

#### (a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2018 \$	2017 \$
Short-term benefits	282,862	7,000
Other	17,500	-
Share-based payments	519,106	-
	<b>819,468</b>	<b>7,000</b>

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

#### (b) Related Party Transactions

The following transactions occurred with related parties:

	2018 \$	2017 \$
Mirador Corporate Pty Ltd <sup>(i)</sup>	98,070	-
Bushwood Nominees Pty Ltd <sup>(ii)</sup>	55,000	-
Saltus Corporate Pty Ltd <sup>(iii)</sup>	38,500	-
TPG Australasia Pty Ltd <sup>(iv)</sup>	66,350	-
King Corporate Pty Ltd <sup>(v)</sup>	11,295	-
Red Mountain Mining Ltd <sup>(vi)</sup>	37,500	-
	<b>306,715</b>	<b>-</b>

- (i) During the year, Mirador Corporate Pty Ltd provided company secretarial and financial management services to the Company of which Jeremy King is a Director. At 30 June 2018 \$10,395 remained payable.
- (ii) Director fees were paid to Bushwood Nominees Pty Ltd, of which Jeremy King is a Director. At 30 June 2018 \$5,000 remained payable.
- (iii) Director fees were paid to Saltus Corporate Pty Ltd, of which Lincoln Ho is a Director.
- (iv) Director and consulting fees were paid to TPG Australasia Pty Ltd, of which Robert Parton is a Director. At 30 June 2018 \$3,850 remained payable.
- (v) Director fees are payable to King Corporate Pty Ltd, of which Eddie King is a Director.
- (vi) Office rental fees were paid to Red Mountain Mining Ltd, of which Jeremy King and Lincoln Ho are Directors.

### NOTE 17 SHARE-BASED PAYMENTS

	2018 \$	2017 \$
<b>(a) Recognised share-based payment transactions</b>		
Options issued to Directors <sup>(i)</sup>	519,105	-
Options issued to Xcel Capital Pty Ltd <sup>(ii)</sup>	769,725	-
	<b>1,288,830</b>	<b>-</b>

## Notes to the Financial Statements

### NOTE 17 SHARE-BASED PAYMENTS CONTINUED

#### (iii) Options issued to Directors

On 21 December 2017, the Company issued 30,000,000 options to the Directors, exercisable at \$0.03 on or before 21 December 2022. The Grant Date of the 30,000,000 options is 30 November 2017 which is the date of the General Meeting when the options were approved. In line with Australian Accounting Standards, these options have been fair valued based on grant date on 30 November 2017 and a share-based payment expense has been recognised as at 30 June 2018 in the statement of profit or loss and other comprehensive income. The total value of the options issued was \$519,105.

#### (iv) Options issued to Xcel Capital Pty Ltd

On 21 December 2017, the Company issued 67,500,000 options to Xcel Capital Pty Ltd in lieu of corporate advisory services performed, as such the expense has been classified as consulting fees. The options are exercisable at \$0.03 on or before 21 December 2019. The Grant Date of the 67,500,000 options is 30 November 2017 which is the date of the General Meeting when the options were approved. In line with Australian Accounting Standards, these options have been fair valued based on grant date on 30 November 2017 and a share-based payment expense has been recognised as at 30 June 2018 in the statement of profit or loss and other comprehensive income. The total value of the options issued was \$769,725.

#### (b) Summary of options granted during the year

Options	Issue Date	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year
Directors	21/12/2017	21/12/2022	0.03	-	30,000,000	-	-	30,000,000
Consultant	21/12/2017	21/12/2019	0.03	-	67,500,000	-	-	67,500,000
Total				-	97,500,000	-	-	97,500,000

\* The option was issued on 21/12/2017 but was granted on 30/11/2017.

The options issued to the Directors of the Company and Xcel Capital Pty Ltd, have been valued using the Black-Scholes model. The model and assumptions are shown in the table below:

Black-Scholes Option Pricing Model		
	Directors	Consultant
Grant Date	30/11/2017	30/11/2017
Vesting Date	21/12/2022	21/12/2019
Strike (Exercise) Price	\$0.03	\$0.03
Underlying Share Price (at date of issue)	\$0.024	\$0.024
Risk-free Rate (at date of issue)	2.13%	1.75%
Volatility	100%	100%
Number of Options Issued	30,000,000	67,500,000
Dividend Yield	0%	0%
Probability	100%	100%
Black-Scholes Valuation	\$0.017	\$0.011
Total Fair Value of Options	\$519,105	\$769,725



## Notes to the Financial Statements

### NOTE 18 : ACQUISITION

#### A) Pure Manganese Pty Ltd (PM)

On the 31 July 2017 the Group announced the completion of the acquisition of 100% of the issued capital of Pure Manganese Pty Ltd. As Pure Manganese Pty Ltd holds exploration tenements and no processes or outputs were acquired, the acquisition was assessed as an asset acquisition rather than a business combination.

The deemed consideration was the issue of 12,500,000 shares and Milestone 1 & 2 contingent consideration to the shareholders of Pure Manganese Pty Ltd and is deemed to have a value of \$250,000 and \$700,000 respectively.

On initial recognition, the fair value of the shares issued has been determined by reference to the public offer price \$0.02 as the acquisition was contingent on the successful raising of capital.

Details of the purchase consideration and fair value of the assets and liabilities acquired through the acquisition are as follows:

Total purchase consideration comprises:

- I) 12,500,000 Consideration Shares;
- II) 10,000,000 Milestone 1 shares to be issued to the Pure Manganese Pty Ltd Shareholders (or their nominees) on the satisfaction of;
  - The Company delineation of an inferred JORC Mineral Resource of at least 4 million tonnes at 10% of manganese at exploration license application E09/2217-1 and E52/3523-1 (together, the Battery Hub Project); and
  - The 20 day VWAP of the shares being equal to or greater than \$0.4, within 12 months of settlement; and
- III) 25,000,000 Milestone 2 shares to be issued to the Pure Manganese Pty Ltd (or their nominees) on the satisfaction of;
  - The completion of a Positive Feasibility Study at any of the Tenements acquired by the Company at settlement of the Acquisition Agreement, MDV Agreement or Lake Blanche Agreement; and
  - The 20 day VWAP of the shares being equal to or greater than \$0.6, within 54 months of settlement.

	<b>30/06/2018</b>
	<b>\$</b>
Value of Share Consideration issued	<b>250,000</b>
Contingent Milestone Shares Consideration	<b>700,000</b>
	<b>950,000</b>

On initial recognition, at reporting date, the fair value of the options has been determined by reference to the underlying share price of PM1 on the grant date being \$0.024 on 30 November 2017.

#### b) Mineral Development Pty Ltd

On the 31 July 2017 the Group announced the completion of the acquisition of 80% of the issued capital of Mineral Development Pty Ltd.

The deemed consideration was the payment of \$60,000 cash and issue of 5,000,000 shares.

On initial recognition, the fair value of the shares issued has been determined by reference to the public offer price \$0.02 as the acquisition was contingent on the successful raising of capital.

	<b>30/06/2018</b>
	<b>\$</b>
Value of Share Consideration issued	<b>100,000</b>
Cash consideration	<b>60,000</b>
	<b>160,000</b>

## Notes to the Financial Statements

### NOTE 18 : ACQUISITION CONTINUED

Details of the fair value of the assets and liabilities acquired on 31 July 2017 through the acquisition of Mineral Development Pty Ltd are as follows:

Net assets	-
Exploration assets	200,000
Net assets acquired	200,000
Less non-controlling interests	(40,000)
Net assets acquired	<u>160,000</u>

#### c) Lake Blanche Agreement

On the 31 July 2017 the Group announced the completion of the acquisition of the Lake blanche Tenement held by GBE Exploration. This was acquired with a consideration of the payment of \$30,000 cash.

### NOTE 19 NON-CONTROLLING INTERESTS

The consolidated financial statements include the assets, liabilities and results of the principal subsidiaries listed in note 23, in accordance with the accounting policy noted in note 1(d).

The table below sets out the summarised financial information for each subsidiary that has a non-controlling interest that is material to the Group. The amounts disclosed are before any intercompany eliminations.

Summarised statement of financial position	Mineral Developments Pty Ltd
Current assets	10
Non-current assets	386,644
Total Assets	<u>386,654</u>
Current Liabilities	-
Non-current liabilities	386,644
Total Liabilities	<u>386,644</u>
Net assets	<u>10</u>
Accumulated Non-controlling interest	<u>40,000</u>
Summarised statement of profit or loss and other comprehensive income	
Loss for the period	-
Other comprehensive loss	-
Total comprehensive loss	-
Losses allocated to Non-controlling interest	-
Summarised cash flows	
cash flows from operating activities	-
cash flows from investing activities	-
cash flows from financing activities	-
Net increase in cash and cash equivalents	-
Transactions with non-controlling interests	
Carrying amount of non-controlling interest acquired	<u>40,000</u>

## Notes to the Financial Statements

### NOTE 20 COMMITMENTS

	2018 \$	2017 \$
Exploration commitments		
Within one year	287,000	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	<b>287,000</b>	<b>-</b>

### NOTE 21 CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2018 (2017: nil).

### NOTE 22 AUDITOR'S REMUNERATION

	2018 \$	2017 \$
<b>Amounts received or due and receivable by Rothsay Partners for:</b>		
Audit and review of the annual and half-year financial report	25,400	12,000
Other services Rothsay Auditing for:		
- Investigating Accountant's Report	-	8,500
	<b>25,400</b>	<b>20,500</b>

### NOTE 23 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership interest	
			2018 %	2017 %
Pure Manganese Pty Ltd	Exploration	Australia	100	-
Mineral Developments Pty Ltd	Exploration	Australia	80	-
Ozark Pty Ltd	Exploration	USA	100	-

## Notes to the Financial Statements

### NOTE 24 PARENT ENTITY

	2018	2017
	\$	\$
<b>Assets</b>		
Current assets	2,853,816	57,040
Non-current assets	1,665,534	-
<b>Total assets</b>	<b>4,519,350</b>	<b>57,040</b>
<b>Liabilities</b>		
Current liabilities	157,664	400,367
<b>Total liabilities</b>	<b>157,664</b>	<b>400,367</b>
<b>Equity</b>		
Contributed equity	10,383,419	4,911,661
Reserves	4,446,028	2,457,198
Accumulated losses	(10,467,761)	(7,712,186)
<b>Total equity</b>	<b>4,361,686</b>	<b>(343,327)</b>
Loss for the year	(2,755,575)	(287,665)
<b>Total comprehensive loss</b>	<b>(2,755,575)</b>	<b>(287,665)</b>

### NOTE 25 EVENTS AFTER THE REPORTING DATE

As announced 9 July 2018 Pure Minerals entered into a binding agreement to explore for cobalt in Missouri USA. Pure Minerals may acquire 75% of a portfolio of exploration applications with the Bureau of land management in Missouri (U.S) and an agreement with a private landowner totalling 2,843 acres.

On 16 August 2018, 43,750,000 free attaching options were issued as a part of the placement announced 22 May 2018 on a 1 for 1 basis, expiring 21 December 2019, exercisable at \$0.03 per option.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

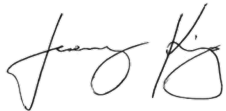
## Directors' Declaration

In the Directors' opinion:

- a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
  - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.
- b) The financial statements and notes comply with International Financial Reporting Standards as described in Note 1 to the financial statements.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'Jeremy King', written over a horizontal line.

**Jeremy King**  
**Non-Executive Chairman**

28 September 2018



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PURE MINERALS LIMITED**

### **Report on the Audit of the Financial Report**

#### ***Opinion***

We have audited the financial report of Pure Minerals 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 comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### ***Basis for Opinion***

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

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

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

#### ***Key Audit Matters***

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

#### ***Key Audit Matter***

##### **Cash and cash equivalents**

The Group's cash and cash equivalents are a material percentage total assets by value and are considered to be the key driver of the Group's operations. We do not consider cash and cash equivalents to be at a high risk of significant misstatement or to be subject to a significant level of judgement.



Chartered Accountants



However due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence of the Group's cash and cash equivalents at included but were not limited to:

- Documenting and assessing the processes and controls in place to record transactions cash transactions;
- Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded in the general ledgers;
- Agreeing cash holdings to independent third party confirmations.

We have also assessed the appropriateness of the disclosures included in Notes 1, 8 and 15 to the financial report.

#### **Exploration and evaluation expenditure**

The Group has incurred significant exploration and evaluation expenditure which has been capitalised. As the carrying value of exploration and evaluation expenditure represents a significant asset of the Group we considered it necessary to assess whether facts and circumstances exist to suggest that the carrying amount of these assets may exceed their recoverable amount.

In doing so we carried out the following work in accordance with the guidelines set out in AASB 6 *Exploration for and Evaluation of Mineral Resources*. Our procedures included but were not limited to the following:

- We obtained evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining searches of a sample of the Group's tenement holdings;
- We enquired of management and reviewed work programs to ensure that further expenditure on exploration in the Group's areas of interest was planned and cross referenced these discussions to ASX announcements and where applicable minutes of directors' meetings;
- We tested a sample of exploration and evaluation expenditure to supporting documentation;
- We critically assessed and evaluated management's assessment of impairment on tenements in the exploration and evaluation phase.

We have also assessed the appropriateness of the disclosures included in Notes 1 and 10 to the financial report.

#### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.



Chartered Accountants



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

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

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

#### ***Directors' Responsibility 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 the 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 cease operations, or have no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/Home.aspx](http://www.auasb.gov.au/Home.aspx)

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

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

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



Chartered Accountants





## **Report on the Remuneration Report**

### ***Opinion on the Remuneration Report***

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

In our opinion the remuneration report of Pure Minerals Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### ***Responsibilities***

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

**Rothsay Auditing**

**Graham Swan FCA  
Partner**

Dated **28** September 2018



**Chartered Accountants**

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

## Corporate Governance Statement

The Board of Directors of Pure Minerals Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website

at [www.pureminerals.com.au](http://www.pureminerals.com.au)

## ASX Additional information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 24 September 2018.

### TWENTY LARGEST SHAREHOLDERS

		Number Held	Percentage
1	MRS LILY MAH <MJ A/C>	29,375,000	9.34
2	AVELA ASSET MANAGEMENT PTE LTD	15,000,000	4.77
3	MS XIAODAN WU	13,531,452	4.30
4	MR MARIO MENELAOU + MS MARIA SUSAN MENELAOU <ISM SUPERANNUATION FUND A/C>	11,107,142	3.53
5	KALCON INVESTMENTS PTY LTD	6,687,500	2.13
6	FERGUSON SUPERANNUATION PTY LTD <FERGUSON SUPERFUND A/C>	6,000,000	1.91
6	SMSF1 PTY LTD <MICK SILLCOCK SUPER FUND A/C>	6,000,000	1.91
8	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	5,987,005	1.90
9	EXPONENTIAL GROWTH INVESTMENTS PTY LTD <INTEGRITY A/C>	5,641,092	1.79
10	PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C>	5,625,000	1.79
11	JASTAL FAMILY INVESTMENTS PTY LTD <JASTAL FAMILY INVESTMEN A/C>	5,000,000	1.59
11	MGL CORP PTY LTD	5,000,000	1.59
11	PACKER ROAD NOMINEES PTY LTD	5,000,000	1.59
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,655,208	1.16
15	MS MENG DAI	3,500,000	1.11
16	XCEL CAPITAL PTY LTD	3,125,000	0.99
17	MR MATTHEW STEVEN KLEIN	3,000,000	0.95
17	NORTH OF THE RIVER INVESTMENTS PTY LTD	3,000,000	0.95
19	GOLDEN DAWN LIMITED	2,500,000	0.80
19	HOBBS TRADING PTY LTD	2,500,000	0.80
19	SANCOAST PTY LTD	2,500,000	0.80
<b>Total</b>		<b>143,734,399</b>	<b>45.72</b>

## ASX Additional information

### LARGEST LISTED OPTION HOLDERS

		Number Held	Percentage
1	XCEL CAPITAL PTY LTD	16,242,500	14.60
2	PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C>	10,625,000	9.55
3	MRS LILY MAH <MJ A/C>	8,875,000	7.98
4	MR BIN LIU	8,071,075	7.25
5	SABA NOMINEES PTY LTD <SABA A/C>	6,010,000	5.40
6	KALCON INVESTMENTS PTY LTD	5,637,500	5.07
7	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	4,550,000	4.09
8	MR EDWIN EDWARD BULSECO + MRS ALLISON BULSECO <KC BULSECO FAMILY A/C>	4,500,000	4.04
9	MRS CHRISTINA MARIE HIRRELL	4,303,000	3.87
10	TANGO88 PTY LTD <TANGO88 A/C>	3,500,000	3.15
11	PHEAKES PTY LTD <SENATE A/C>	3,125,000	2.81
12	BAXTER MANOR PTY LTD	2,000,000	1.80
12	CINQUE HOLDINGS PTY LTD <SHEPPARD SUPER FUND A/C>	2,000,000	1.80
14	SJ CAPITAL PTY LTD	1,980,000	1.78
15	FIRST ONE REALTY PTY LTD	1,875,000	1.69
16	QUID CAPITAL PTY LTD	1,850,000	1.66
17	ALLEKIAN EXCHANGE PTY LTD	1,562,500	1.40
18	MRS ALLISON MAREE BULSECO	1,500,000	1.35
19	MR MARK DOUGLAS HOLMES	1,250,000	1.12
19	MR MEDHAT SAWIRES	1,250,000	1.12
19	MR MICHAEL NITSCHKE	1,250,000	1.12
19	TYF CORPORATE PTY LTD	1,250,000	1.12
19	MR CHARLIE MING CHAI YEOH	1,250,000	1.12
<b>Total</b>		<b>143,734,399</b>	<b>45.72</b>

### DISTRIBUTION OF EQUITY SECURITIES

#### (i) Ordinary share capital

The number of shareholders, by size of holding, is:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	65	10,124	0.00
1,001 - 5,000	298	678,667	0.25
5,001 - 10,000	68	497,555	0.18
10,001 - 100,000	401	22,355,200	8.26
100,001 - 9,999,999,999	335	247,087,513	91.30
<b>Total</b>	<b>1,167</b>	<b>270,629,059</b>	<b>100.00</b>

#### (ii) Listed option holdings

The number of option holders, by size of holding, is:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	0	0	0.00
1,001 - 5,000	1	5,000	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	24	1,418,300	1.27
100,001 - 9,999,999,999	55	109,826,700	98.72
<b>Total</b>	<b>80</b>	<b>111,250,000</b>	<b>100.00</b>

## ASX Additional information

### (i) *Unlisted Options*

- 30,000,000 unquoted options with an exercise price of \$0.03 and an expiry date of 21 December 2022.

### SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
MRS LILY MAH <MJ A/C>	23,500,000	8.68

### RESTRICTED SECURITIES

There are 12,500,000 fully paid ordinary shares escrowed until 14 August 2019.

### UNMARKETABLE PARCELS

There were 1,083 holders of less than a marketable parcel of ordinary shares, which as at 24 September 2018 was 314,379,059.

### ON-MARKET BUY-BACK

There is no current on-market buy-back.

### ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

### TAX STATUS

The Company is treated as a public company for taxation purposes.

### FRANKING CREDITS

The Company has no franking credits.

### STATEMENT IN ACCORDANCE WITH ASX LISTING RULE 4.10.19

The Company confirms in the period from admission to the official list of the ASX to 28 September 2018, that it used its cash and assets in a form readily convertible to cash, in a manner consistent with its business objectives.

## ASX Additional information

### TENEMENT TABLE

Tenement	Status	Project	Holding	Grant Date	End Date	Prospective for
E08/2693	Granted	Mt Boggola, WA	80%	29/09/2015	28/09/2020	Copper-gold
E09/2132	Granted	Bordah Well, WA	80%	01/07/2016	30/06/2021	Gold-copper, REE, Uranium
E09/2133	Granted	Morrissey Hill, WA	80%	20/07/2016	19/07/2021	Lithium, Tantalum & REE
E09/2136-I	Granted	Morrissey Hill, WA	80%	20/07/2016	19/07/2021	Lithium, Tantalum & REE
E09/2217	Granted	Battery Hub, WA	100%	13/09/2017	12/09/2022	Manganese
E52/3523	Granted	Battery Hub, WA	100%	06/11/2017	05/11/2022	Manganese
E47/3919	Application	Regnard Bay , WA	100%			Heavy Mineral Sands, Gold, Industrial Minerals

E09/2132, Bordah Well, Western Australia was relinquished during the period.