TRITON MINERALS

ACN: 126 042 215

# Annual Report

## For the year ended 31 December 2018

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## DIRECTORS

| | |
|---|---|
| Mr Xingmin (Max) Ji | Non-Executive Chairman |
| Mr Patrick Burke | Non-Executive Deputy Chairman |
| Mr Peter Canterbury | Managing Director |
| Ms Paula Ferreira | Non-Executive Director |
| Mr Guanghui (Michael) Ji | Non-Executive Director |

## COMPANY SECRETARY

Mr David Edwards

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## AUDITORS

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Brookfield Place
125 St Georges Terrace
Perth, WA 6000
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Brookfield Place Tower 2
123 St Georges Terrace
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**Dear Shareholders**

As Managing Director of Triton Minerals Limited, I am pleased to present the Company's annual report for the twelve months ended 31 December 2018.

It has certainly been a challenging year for ASX listed graphite companies however we remain firmly on track to deliver on our strategy to deliver the development of the Ancuabe Graphite Project, look for opportunities to commercialise the other assets and build a portfolio of world class graphite assets to grow shareholder value.

Despite market conditions it has been pleasing to achieve a number of important milestones this year and our achievements to the date of this report are:

- We have executed binding offtake agreements for more than 50% of Ancuabe expected production with two significant and reputable Chinese graphite companies;
- Acquired the remaining 20% interest in its Mozambique subsidiary, Grafex Limitada, from the minority shareholder that gives Triton shareholders a 100% economic interest in our world class asset portfolio;
- Following a competitive tender process an Engineering, Procurement and Construction (EPC) contract was executed with MCC International Co. Ltd for Ancuabe and Lycopodium ADP Pty Limited were appointed as the owners' team project manager.
- Granting of the provisional environmental licence from the Ministry of Lands, Environment and Rural Development (MITADAR) for the Project. This approval is the enabler for all construction permits required for construction to be granted and the final environmental license will follow once the mining concession is formally approved.
- In June 2018, contractors were mobilised to site to commence early works on the raw water dam and site clearing for the processing facility.

There is no doubt that our achievements to date are due to our loyal shareholders who have supported the Company during the year especially against the backdrop of difficult market conditions and subdued equity prices.

When I wrote to shareholders in the 2017 Annual Report, I also listed the mining concession, debt financing and the commencement of construction as key 2018 objectives. The delay in the approval of the mining concession has certainly had a flow on effect on these objectives. The mining concession is a critical precursor to sign binding debt funding agreements which in turn has delayed the commencement of construction. It is pleasing however to see that Mining Cadastre of Mozambique has been updated to a grant date of 27 February 2019 with the nomenclature 'assignment pending'.

The steady progress set in 2018 positions the Company to deliver on its fast track execution strategy in 2019.

In summary, the 2019 objectives are:

- Sign debt funding term sheets;
- Obtain Ministerial Approval for Ancuabe Mining Concession and submit a mining concession application for the Nicanda Hill Project;
- Issue the notice to proceed to MCC to commence Front-End Engineering Design (FEED) engineering, mobilise to site and commence construction;
- Commence full construction of Ancuabe with targeted production commencing in 2020; and
- Accelerate the development of the Nicanda Hill Graphite Vanadium Project through a joint venture or partial sale.

I continue to believe strongly that the graphite industry is poised for exceptional growth and that the future for Triton and its world call pipeline of world class projects remains exciting and I look forward to reporting rapid progress throughout 2019.

Once again, thank-you.

Sincerely,

**Peter Canterbury**
**Managing Director**
**27 March 2019**

The Directors present their report on Triton Minerals Limited (the Company) and its controlled entities (Triton or the Group) for the financial year ended 31 December 2018 (FY2018).

## Directors

The following persons were Directors of the Company and were in office during the financial year and up to the date of this report:

### Xingmin (Max) Ji (Non-Executive Chairman, appointed 22 July 2016)

Mr Xingmin Ji has over 20 years of finance and investment experience and has worked in China, Hong Kong, USA, Singapore and Australia in the fields of resource project development, stock market investment, foreign currency, real estate and other investment projects.

Previously, Mr Ji has been the representative of the majority shareholder for more than 20 companies, including a company listed on the Shanghai Stock Exchange. He has also been Director and Chairman for numerous companies, some of which operated international joint ventures.

Mr Ji was the CEO of Minjar Gold between 2011 and 2014 and guided the company from exploration to production and was integral in the sale of Minjar Gold into Shanghai Stock Exchange listed Shandong Tianye.

Mr Ji is currently the Chairman of Minjar Gold and the CEO of Shandong Tianye Australia Group and led Shandong Tianye's investment in Triton Minerals Limited and Minjar Gold's recent acquisition of the Pajingo gold mine in Queensland. Mr Ji sits on the Board as a nominee of Shandong Tianye, a substantial shareholder of the Company.

**Current and former directorships of listed entities in last three years:**
None

**Special responsibilities:**
Member of the Remuneration and Nomination Committee.

**Interest in securities:**
108,524 ordinary shares
7,235 listed options
3,000,000 unlisted options

### Peter Canterbury (Managing Director, appointed 3 October 2016)

Mr Canterbury is a highly regarded senior mining executive with significant knowledge of project development on operations in Australia and Africa. Mr Canterbury was previously the CEO of Bauxite Resources Limited for 2 years. Prior to this he was the CFO of Sundance Resources for six years. He played a lead role in negotiating the Mining and Development convention for Sundance in Cameroon for the US$5 billion integrated iron ore mine, rail and port project. He was also critical in the rebuilding of Sundance as acting CEO following the tragic plane crash in June 2010, which claimed the lives of the CEO and the entire Board.

Between 2001 and 2007, Mr Canterbury was the Chief Financial Officer of Dadco Europe, which owns the Stade Alumina refinery in Germany and a share in the CBG bauxite mine in Guinea. He was responsible for the finance, commerce and logistics functions of the Company. Earlier in his career he held several senior positions with Alcoa World Alumina in the finance, marketing and projects areas in Australia and overseas.

**Current and former directorships of listed entities in last three years:**
None

**Special responsibilities:**
None

**Interest in securities:**
6,728,571 ordinary shares
48,571 listed options
6,000,000 performance rights

## Ms Paula Ferreira (Non-Executive Director, Appointed 24 August 2015)

Ms Ferreira is resident in Mozambique and a Chartered Accountant with over 44 years of financial and commercial experience. Ms. Ferreira spent over 15 years of her early career in the construction industry as a Chief Financial Officer and senior executive and was one of the founders of CETA, a Mozambican construction company. Ms. Ferreira spent the next 27 years devoted to financial audit, consulting and advisory roles and was the managing director and a partner of Deloitte & Touche in Mozambique from 2000 to 2013.

**Current and former directorships of listed entities in last three years:**
None

**Special responsibilities:**
Member of the Audit and Risk Committee

**Interest in securities:**
2,000,000 unlisted options

## Mr Patrick Burke (Non-Executive Deputy Chairman, appointed 22 July 2016)

Mr Burke holds a Bachelor of Law from the University of Western Australia. He has extensive legal and corporate advisory experience and over the last 15 years has acted as a Director for several ASX, NASDAQ and AIM listed resources companies. His legal expertise is in corporate commercial and securities law in particular capital raisings and mergers and acquisitions. His corporate advisory experience includes identification and assessment of acquisition targets, strategic advice, deal structuring and pricing, funding, due diligence and execution.

**Current and former directorships of listed entities in last three years:**
Transcendence Technologies Limited (appointed 28 September 2018)
Koppar Resources Limited (appointed 5 February 2018)
Meteoric Resources Limited (appointed 1 December 2017)
Tando Resources Limited (appointed 1 July 2017)
Westwater Resources Limited (appointed 16 March 2016)
Bligh Resources Limited (appointed 5 December 2016, resigned 28 November 2018)
ATC Alloys Limited (appointed 8 September 2014, resigned 1 June 2018)
Pan Pacific Petroleum NL (appointed 22 November 2016, resigned 13 November 2017)
Shareroot Limited (appointed 26 June 2009, resigned 12 January 2016)

**Special responsibilities:**
Member of the Audit and Risk Committee and Remuneration and Nomination Committee.

**Interest in securities:**
2,500,000 unlisted options

## Guanghui (Michael) Ji (Non-executive Director, appointed 22 July 2016)

Mr. Guanghui Ji is the CEO of Minjar Gold. Prior to this Mr. Ji worked for various leading mining companies throughout China and Mongolia. He started his career as a processing engineer with Shandong Gold in China in 1994 and has been involved in production management and international mining resource development for 20 years, mainly in the gold and non-ferrous metal mining and processing sector. Mr. Ji graduated from North China Electric Power University in 2000 with a Bachelor of Engineering and Management. Mr Ji sits on the Board as a nominee of Shandong Tianye, a substantial shareholder of the Company.

**Current and former directorships of listed entities in last three years:**
None

**Special responsibilities:**
Member of the Audit and Risk Committee and Remuneration and Nomination Committee.

**Interest in securities:**
2,000,000 unlisted options

## Company Secretary

### Mr David Edwards (appointed 3 January 2017)

Mr Edwards is a chartered accountant with significant experience in corporate governance, strategy and business planning, debt and equity markets, investor relations, joint venture management and operations. He holds a Bachelor of Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

## Principal Activity

The principal activity of the Group during the financial year was development of the Ancuabe Graphite Project in Mozambique.

## Operating and Corporate Activities Review

### Company Overview

Triton Minerals Limited is an ASX listed mining exploration and development company focussed on graphite projects. Triton, through its 100% owned subsidiaries domiciled in the United Arab Emirates, has a 100% economic interest in Grafex Limitada (Grafex) (an entity domiciled in Mozambique). Grafex is the registered holder of seven exploration licenses (four of which are subject to licence renewal and one is subject to a Mining Concession Application submitted in November 2017, details in the tenement schedule below) in the Cabo Delgado Province of northern Mozambique. The licenses comprise three project areas; the Ancuabe Project, the Balama North Project and the Balama South Project. All three areas are considered highly prospective for graphite and all tenements are located in Mozambique.

The Ancuabe Project is located approximately 45km due west from the northern Mozambique coastal port of Pemba on the Indian Ocean shoreline. The Project is located within tenements 5380 (Note 2 below), 5336 (Note 3), 5305 (Note 4) and 5934 (Note 6), which surround the historical AMG Graphit Kropfmühl (GK) Ancuabe Mine.

A Definitive Feasibility Study[1] (DFS) was completed for the Ancuabe Graphite Project in December 2017 and confirmed that Ancuabe is a high quality, long life, high margin graphite project. The DFS was accompanied by the announcement of a Maiden JORC Compliant Ore Reserve of 24.9Mt at 6.2% Total Graphitic Carbon (TGC) at Ancuabe that supported the DFS evaluation period of 27 years at an annual production of approximately 60,000 Tonnes Per Annum (tpa) of graphite concentrate. The Company also announced in December that the total Indicated and Inferred Mineral Resource at the Ancuabe

[1] See ASX announcement 15 December 2017 'Triton Delivers Robust Ancuabe Definitive Feasibility Study and Declares Maiden Ore Reserve'. Triton is not aware of any new information or data that materially affects the information included in the relevant market announcement, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

T12 and T16 deposits had increased to 46.1 Mt at an average grade of 6.6% TGC for 3.04 Mt of contained graphite[2].

The DFS financial outcomes showed an unleveraged pre-tax net present value of US$298m, unleveraged pre-tax internal rate of return 36.8% and a payback period of 3.8 years based on the annual production of approximately 60,000 tpa of graphite concentrate over the evaluation period of 27 years. The average annual Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) over the evaluation period was US$43.6m based on a basket price of US$1,435 per tonne of graphite concentrate and average operating costs over the evaluation period excluding royalty of US$634 per tonne (FCA Port of Pemba).

On 31 May 2018, the Triton Board approved the development of the Ancuabe Graphite Project.

The Balama North Projects (Nicanda West Project, Nicanda Hill Project and Cobra Plains Project) are located approximately 230km west of Pemba, in northern Mozambique, in a vicinity of known graphite mineralisation. The Balama North Project currently contains one of the world's largest graphite and vanadium deposits at Nicanda Hill.

The Balama South project is located approximately 35 km south of the Balama township within the same north-east trending geological domain covered by the Balama North project which hosts the Cobra Plains deposit and the Nicanda Hill prospect.

## Tenement Schedule

As at 31 December 2018, the Group held an 100% economic interest in Grafex, the holder of the following interests in exploration tenements:

| Licence | Project | Prospect/ Deposit | Location | Status | Interest | Note |
|---|---|---|---|---|---|---|
| EL5966 | Balama Nth | Nicanda Hill | Mozambique | Granted | 100% | |
| EL5365 | Balama Nth | Cobra Plains | Mozambique | Granted | 100% | 1 |
| EL5304 | Balama Sth | - | Mozambique | Granted | 100% | |
| EL5380 | Ancuabe | T20 | Mozambique | Granted | 100% | 2 |
| EL5336 | Ancuabe | T12, T16 | Mozambique | Granted | 100% | 3 |
| EL5305 | Ancuabe | - | Mozambique | Granted | 100% | 4 |
| EL6357 | Ancuabe | T18, T19 | Mozambique | Relinquished | 100% | 5 |
| EL5934 | Ancuabe | T10, T11 | Mozambique | Approved - Pending grant | 100% | 6 |

Notes - All applications are pending a response from the Mozambique mining authority, INAMI.

1. Application to renew licence for a further two years submitted in September 2017.
2. Application to renew licence for a further two years submitted in August 2017. Application to modify and reduce the area submitted in November 2017.
3. Application to modify area submitted in September 2017 and further modifications submitted in November 2017. Application for a mining licence submitted in November 2017. New number assigned by INAMI: 9132C.

[2] See ASX Announcement 14 December 2017 'Additional Mineral Resource Upgrade at Ancuabe Graphite Project'. Triton is not aware of any new information or data that materially affects the information included in the relevant market announcement, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

4. Application to modify area submitted in November 2017.
5. Addressed as a change to area in EL5336 submitted in November 2017 in which part of area of EL6357 was added to EL5336. Application for remaining area of EL6357 was relinquished in November 2017.
6. Application to modify area of EL5934 submitted in November 2017.

## Ancuabe Graphite Project

The development activities during FY2018 were primarily focussed at the Company's flagship Ancuabe Graphite Project (Ancuabe or the Project) and several important milestones were achieved during the year.

### Offtake Agreements

The Company has signed two binding offtake agreements with Qingdao Tianshengda Graphite Co. Ltd (Tianshengda) and Qingdao Chenyang Graphite Co. Ltd (Chenyang) each for up 16,000 tonnes per annum graphite concentrate from the Ancuabe Graphite Project for an initial period of five years with an option for the Company to extend for a further five years with a minimum quantity of 10,000 tpa.

Tianshengda Graphite is an integrated graphite processor and distributor across China with an annual capacity of 30,000 to 40,000 tonnes of value add graphite products per annum.

Chenyang is one of the largest graphite companies in the Qingdao area of Shandong Province. Chenyang is focussed on graphite processing and trading, producing advanced graphite products for customers in China, Japan and Korea.

### Graphite Marketing and Testwork

The Company commissioned ALS Metallurgy in Perth to build and operate a pilot plant to process approximately 8.5 tonnes of drill core from the Ancuabe T12 and T16 deposits to produce graphite concentrate for customer acceptance testing and metallurgical testwork. The results from the pilot plant were in line with those predicted and samples were shipped to various potential customers.

In October 2018, independent advanced test-work was undertaken on samples from the ALS flowsheet verification pilot plant by an independent expert in Germany. The testwork demonstrated that Ancuabe graphite is ideal for high value applications such as expandable graphite, lithium-ion batteries and specialist sealing applications in the chemical industry.

The testwork was based on standard industrial process and no process optimisation was undertaken to potentially realise improved quality and cost effectiveness.

### Permitting and Approvals

Triton received a provisional environmental licence from the Ministry of Lands, Environment and Rural Development (**MITADAR**) for the Project.

Receipt of the provisional environmental licence is the precursor for the receipt of the final environmental licence that completes the environmental approvals process. As the review period for the Environmental, Social and Health Impact Assessment (**ESHIA**) application passed without any objections, there are no anticipated impediments to receiving the final environmental licence.

This approval is the enabler for all construction permits required for construction to be granted.

A mining concession application progressed during the period and in December Grafex received confirmation that the National Institute of Mines (INAMI) had approved the application and that the application had been passed to the Minister of Mineral Resources for final approval on behalf of the Mozambique Government. The mining concession encompasses all aspects of the project and once approved allows the extraction and processing of mineral resources for the first 25 years of the Project and is renewable for a further period of up to 25 years.

The DUAT (Direito de Uso e Aproveitamento da Terra) process, which permits the use of government land, is in progress and pending the award of the Mining Concession.

### Early Works

Subsequent to the Board's decision in May 2018 to develop Ancuabe, mobilisation to site commenced with the bulk earthworks, camp, and medical services contractors. Initial works on site comprised clearing in the raw water dam wall area, fabrication of the abstraction tower, initial road works through to the processing plant area, construction of phase 1 of the construction camp and a borrow pit was opened in the T16 mine area.

### Engineering, Procurement and Construction (EPC) Contract

Following a competitive tendering process, Triton signed an Engineering, Procurement and Construction (**EPC**) contract with MCC International Incorporation Limited (**MCC**) for the mineral processing facility and other infrastructure for the Ancuabe Graphite Project. The EPC contract was agreed on a fixed price basis that provides certainty in relation to capital costs and construction schedule. The EPC contract and discussions with MCC indicate that the pre-production capital expenditure estimate is anticipated to be lower than the DFS estimate. A reduction in capital expenditure would enhance project economics and likely to assist in the ongoing project financing discussions.

### Memorandum of Understanding

In November 2018, the Company signed a Non-Binding Memorandum of Understanding (**MoU**) with Suzhou Sinoma Design and Research Institute of Non-metallic Minerals Industry Co. Ltd. (**Suzhou**), a subsidiary of China National Building Material Group, China's largest construction group. Suzhou is one of China's leading graphite testing laboratories and provides graphite technical consulting services to China's leading graphite producers.

Under the MoU, Suzhou expressed interest in participating in debt financing the development of the Ancuabe Project and providing technical consulting services in relation to graphite process technology, production line equipment, construction and commissioning and graphite product quality control.

Triton and Suzhou continue to progress discussions around project financing, testing of mineral processing equipment and engineering design optimization.

## Corporate Activity

On 21 February 2018, the Company announced it had entered into an agreement with the minority shareholder of Grafex under which the Company agreed to purchase the remaining minority interest in Grafex. On Completion of the purchase Triton's interest in Grafex increased from 80% to 100% and Triton now has a 100% economic interest in its graphite projects in Mozambique. The acquisition completed in March 2018.

In March 2018, the Company completed a single tranche placement to institutional and professional investors of 12.5 million new fully paid ordinary shares at $0.08 per share to raise $1.0 million. The placement was completed under the Company's 7.1 placement capacity. Participants in the placement were issued a free attaching option over new shares issued at an exercise price of $0.12 and expiring 31 December 2018 on the basis of one new option for every two shares issued.

In May 2018, the Company completed a fully underwritten non-renounceable entitlement issue of one share for every fifteen shares held by eligible shareholders to raise approximately $4.2 million. Participants in the entitlement offer were issued a free attaching option on the same basis as those issued in the placement.

During the year, the Company received refunds totalling $753,959 in relation to its qualifying expenditure for the years ended 31 December 2016 and 31 December 2017 under the federal government R&D Tax Incentive program.

On 4 September 2018, the Company completed a placement of 10,638,298 shares at $0.047 per share to a sophisticated investor to raise $500,000. A further placement of 14,000,000 shares to Triton's cornerstone investor, Shandong Tianye Mining Co. Ltd, on the same terms to raise $658,000 was completed on 12 October 2018 The Placements were being undertaken pursuant to Triton's issuance capacity under ASX Listing Rule 7.1.

In October 2018, the Company completed a fully underwritten non-renounceable entitlements issue of one Share for every fourteen shares at $0.047 per share that raised approximately $2.8 million. Participants in the Entitlement Issue were issued a free attaching option over shares exercisable at $0.10 and expiring 30 September 2020 based on one new option for every one share issued. Shandong Tianye Mining has participated in the entitlement offer for a further $343,100. The total amount of $4 million raised is being applied towards finalising the Ancuabe Graphite Project funding and other project development activities.

On 12 December 2018, the company announced that it would undertake a fully underwritten placement to Eligible Optionholders of up to approximately 133,673,165 TONOD Options at an issue price of $0.0054 per TONOD Option to raise between approximately $533,165 and $721,835 before expenses. This placement of 133,673,165 TONOD Options raised $721,835 before costs of the offer completed on 4 February 2019.

Included in the financial report for the year ended 31 December 2018 is an independent auditor's report which includes an Emphasis of Matter paragraph in regard to the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. For further information, refer to Note 1 to the financial statements, together with the auditor's report.

The Company has demonstrated a track record in raising capital and the directors are confident that the Group will be able to secure funding sufficient to meet the requirements to continue as a going concern.

## Results of Operations

The net loss of the Group for the year ended 31 December 2018 was $4,029,587 (2017: $3,417,506). The loss reflects the pre-revenue development stage of the Group and arises primarily from directors and employee benefits expenses, corporate and administrative costs.

Financial performance for the previous 5 years is as follows:

| | 31 Dec 2018 | 31 Dec 2017 | 31 Dec 2016 Restated | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|---|---|
| Net Loss after Tax | $4,029,587 | 3,417,506 | 31,125,010 | 12,748,684 | 4,997,855 |

## Financial Position

The statement of cash flows shows a decrease in cash and cash equivalents for the year ended 31 December 2018 of $(4,293,476) (2017: $1,189,171 decrease). During the year, the Group raised $9,180,101 (2017: $7,210,371) before costs from the issue of share capital. At year end the Group had funds of $1,383,865 (2017: $5,690,723) available for future operational use and has no borrowings.

## Business Strategies and Prospects for Future Financial Years

The strategic objectives of the Group are to create long term shareholder value through the discovery, development and acquisition of technically and economically viable mineral deposits.

There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Group and the market price of the Company's ordinary shares.

## Funding Risk

The Company's ability to operate its business and effectively implement its business plan within the timeframe that it is aiming to achieve, in particular the construction and commissioning of mining operations and processing facilities at the Ancuabe Graphite Project so as to commence production in 2020, will depend in part on its ability to raise further funds by way of debt and equity. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Existing funds will not be sufficient for expenditure required for certain aspects of the Company's business plan, including the construction and commissioning of mining operations and processing facilities in Mozambique. Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

## Exploration and Operating Risks

Mining exploration and production is inherently uncertain and speculative in nature. The operations of the Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, sovereign risk difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

## Environmental risks

The operations and proposed activities of the Group are subject to the laws and regulations of Australia and Mozambique concerning the environment. As with most mining projects and operations, the Group's activities are expected to have an impact on the environment, particularly if mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

## Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

## Graphite price risk

The demand for, and the price of, commodities are highly dependent on a variety of factors, including international supply and demand, the price and availability of substitutes, technological advances, actions taken by governments and global economic and political developments. Given the Company's main activities, which primarily involve exploration for and potentially the production of graphite, the Company's operational and financial performance, as well as the economic viability of its projects, is heavily reliant on the prevailing global price of these minerals, among other things. Volatility in commodity markets may therefore materially affect the profitability and financial performance of the Company and the price of its Shares.

## Competition

Competition from international graphite producers, developers and explorers may affect the potential future cash flow and earnings which the Company may realise from its operations. For example, the introduction of new mining and processing facilities and any increase in competition and supply in the global graphite and vanadium markets could lower the price of these commodities. The Company may also encounter competition from other mining and exploration companies for the acquisition of new projects required to sustain or increase its potential future production levels.

## Significant Changes in the State of Affairs

There were no other significant changes in the state of affairs of the Company other than those described within the operating and corporate activities review.

## Dividends

No dividends were paid during the year (FY2017: $Nil) and the Directors do not recommend the payment of a dividend for this financial year.

## Indemnification and Insurance

The Company has agreed to indemnify the Directors and officers of its controlled entities for all liabilities to another person, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company shall meet the full amount of any such liabilities, including costs and expenses. The Company has not indemnified the auditors.

## Significant Events After the Balance Sheet Date

On 4 February 2019, the company completed a placement of 133,673,165 TONOD Options at an issue price of $0.0054 per TONOD Option to raise $721,835 before costs of the offer.

The Company will need to continue to raise additional capital in order to fund development activities at the Ancuabe Project and accelerate the commercialisation of the Nicanda Hill graphite-vanadium deposit.

There were no other significant events after the balance sheet date.

## Proceedings on Behalf of the Company

No person has applied for leave to the Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of these proceedings.

## Directors' Meetings

The number of Directors' meetings (including committees of Directors) held in the year and the number of meetings attended by each of the Directors of the Company during the financial year are:

| | Board | | Audit and Risk | | Remuneration and Nomination | |
|---|---|---|---|---|---|---|
| | **Held** | **Attended** | **Held** | **Attended** | **Held** | **Attended** |
| Xingmin (Max) Ji | 8 | 8 | N/A | N/A | 1 | 1 |
| Peter Canterbury | 8 | 8 | N/A | N/A | N/A | N/A |
| Paula Ferreira | 8 | 8 | 2 | 2 | N/A | N/A |
| Patrick Burke | 8 | 8 | 2 | 2 | 1 | 1 |
| Guanghui (Michael) Ji | 8 | 8 | 2 | 2 | 1 | 1 |

N/A: Not a member of this committee

## Remuneration Report (Audited)

This report for the year ended 31 December 2018 outlines the remuneration arrangements for Key Management Personnel (KMP). This information has been audited in accordance with section 308(3C) of the Corporations Act 2001.

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

The KMP of Triton for the year ended 31 December 2018 are as follows:

| **Director** | **Role** | **Appointment** |
|---|---|---|
| Xingmin (Max) Ji | Non-Executive Chairman | 22 Jul 2016 |
| Peter Canterbury | Managing Director | 3 Oct 2016 |
| Paula Ferreira | Non-Executive Director | 24 Aug 2015 |
| Patrick Burke | Non-Executive Deputy Chairman | 22 Jul 2016 |
| Guanghui (Michael) Ji | Non-Executive Director | 22 Jul 2016 |
| **Executive** | **Role** | **Appointment** |
| David Edwards | Chief Financial Officer and Company Secretary | 3 Jan 2017 |

## Principles Used to Determine the Nature and Amount of Remuneration

### Remuneration Policy

The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and a performance-based component comprising short-term and long-term incentives.

### Executive Remuneration

The Company aims to reward Key Management Personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and are aligned with market practice. Employment contracts are reviewed annually by the Remuneration and Nomination Committee (Committee).

The KMP pay and reward framework comprises base remuneration and benefits, short-term incentives and long-term incentives.

### Base Remuneration

Base remuneration consists of fixed contractual salary, legislated employer contributions to superannuation funds and other employee benefits (car parking).

### At Risk Component: Short term incentives

Short term incentives such as cash incentives may be awarded and are determined based on performance targets established by the Remuneration and Nomination Committee and take into consideration performance metrics such as the Company's performance, an individual employee's performance and the individual employee's contribution to the Company's performance.

### At Risk Component: Long term incentives

The Company has adopted an Employee Equity Incentive Plan designed to align employee incentives with shareholder interests, encourage employee share ownership and assist with employee attraction and retention.

For further information regarding the long-term incentives granted to Key Management Personnel refer to the Share-based Compensation section of the Remuneration Report.

The Company has a policy preventing Directors hedging their exposure to risks associated with the Company's securities that they receive as compensation

### Non-Executive Director Remuneration

The Company's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Committee determines payments to Non-Executive Directors and reviews their remuneration regularly and at least annually.

Non-Executive Directors may be paid fees for their services as directors of the Company, or other amounts as determined by the Committee where the director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The maximum aggregate amount that can be paid to Non-Executive Directors is subject to approval by shareholders at a general meeting. The current aggregate Non-Executive Director remuneration pool is $500,000 per year.

### Remuneration Governance, Structure and Approvals

The Committee is responsible for determining and reviewing compensation arrangements for the Directors and Executives. The role of the Committee also includes responsibility for performance rights, superannuation entitlements, retirement and termination entitlements, fringe benefit policies, liability insurance policies and other terms of employment.

The Committee meets at least annually and reviews remuneration having regard to performance, relevant comparative information and at its discretion may obtain independent expert advice on the appropriateness of remuneration packages. Remuneration packages are set at levels intended to attract and retain Key Management Personnel capable of managing the Company's activities. No remuneration consultants were employed during the financial year.

The practices of negotiation and annual review of KMP performance and remuneration are carried out by the Managing Director who makes recommendations to the Committee. The Chairman of the Board who makes recommendations to the full Board undertakes the review of the Managing Director's performance and remuneration.

## Relationship between Remuneration of Key Management Personnel and Shareholder Wealth

During the exploration and development phases of its business, the Board anticipates that the Company will retain cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

Similarly, the Company does not expect to be undertaking profitable operations until after the successful commercialisation of its projects. The Board does not therefore consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Fees paid to Non-Executive Directors accrue daily and are not linked to Group performance.

## Voting and comments made at the Company's 2018 Annual General Meeting

The Company received more than 93.9% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## Remuneration of Key Management Personnel

Details of the nature and amount of each element of the remuneration of each of the KMP for the year ended 31 December 2018 and 31 December 2017 are as follows:

| | Short Term Benefits | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year 2018** | **Base Salary/ Fees $** | **Benefits $** | **Incentive $** | **Share-based Payment $** | **Post-Employment Benefits $** | **Long Term Benefits $** | **Total $** |
| **Director** | | | | | | | |
| Xingmin (Max) Ji (i) | 60,000 | - | - | 122,759 | - | - | 182,759 |
| Peter Canterbury (ii) | 400,000 | 3,198 | 40,000 | 187,024 | 38,000 | 38,838 | 707,060 |
| Paula Ferreira (iii) | 60,000 | - | - | 81,840 | - | - | 141,840 |
| Patrick Burke (iv) | 60,000 | - | - | 102,300 | - | - | 162,300 |
| Guanghui (Michael) Ji (iii) | 60,000 | - | - | 81,840 | - | - | 141,840 |
| **Executive** | | | | | | | |
| David Edwards (v) | 225,000 | 3,146 | 14,062 | 56,011 | 21,375 | 24,064 | 343,658 |
| **Total** | **865,000** | **6,344** | **54,062** | **631,774** | **59,375** | **62,902** | **1,679,457** |

i. Percentage of remuneration that is performance based is 67%
ii. Percentage of remuneration that is performance based is 32%
iii. Percentage of remuneration that is performance based is 58%
iv. Percentage of remuneration that is performance based is 63%
v. Percentage of remuneration that is performance based is 20%
vi. Short term benefits relate to car parking provided at the Company's head office and long term benefits relate to accrued annual leave

| | Short Term Benefits | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year 2017** | **Base Salary/ Fees $** | **Benefits $** | **Incentive $** | **Share-based Payment $** | **Post-Employment Benefits $** | **Long Term Benefits $** | **Total $** |
| **Director** | | | | | | | |
| Xingmin (Max) Ji (i) | 60,000 | - | - | - | - | - | 60,000 |
| Peter Canterbury (ii) | 400,000 | 5,227 | 160,000 | 172,976 | 38,000 | 14,231 | 790,434 |
| Paula Ferreira (iii) | 60,000 | - | - | 129,037 | - | - | 189,037 |
| Patrick Burke (i) | 60,000 | - | - | - | - | - | 60,000 |
| Guanghui (Michael) Ji (i) | 60,000 | - | - | - | - | - | 60,000 |
| **Executive** | | | | | | | |
| David Edwards (iv), (v) | 224,135 | 5,227 | 56,250 | 50,489 | 21,293 | 14,387 | 371,781 |
| **Total** | **864,135** | **10,454** | **216,250** | **352,502** | **59,293** | **28,618** | **1,531,252** |

i. Percentage of remuneration that is performance based is nil
ii. Percentage of remuneration that is performance based is 42%
iii. Percentage of remuneration that is performance based is 68%
iv. Appointed 3 January 2017
v. Percentage of remuneration that is performance based is 29%
vi. Short term benefits relate to car parking provided at the Company's head office and long term benefits relate to accrued annual leave

## Transactions with other related parties

During the year, Patrick Burke, (Non-Executive Deputy Chairman) provided legal and consulting services to the Company totalling $10,000 (FY2017: $35,000).

## Key Management Personnel Employment Agreements

Remuneration arrangements for KMP are formalised in employment agreements.

### Managing Director: Peter Canterbury

Mr Canterbury is employed under an open term contract that may be terminated with three months' notice by either the Group or Mr Canterbury. The key terms of the contract are:

- Fixed remuneration of $400,000 per annum plus superannuation;
- The maximum short-term incentive opportunity is 40% of fixed remuneration; and
- Mr Canterbury is eligible to participate in the Company's Employee Equity Incentive Plan.

### Chief Financial Officer and Company Secretary: David Edwards

Mr Edwards is employed under an open term contract that may be terminated with two months' notice by either the Group or Mr Edwards. The key terms of the contract are:

- Fixed remuneration of $225,000 per annum plus superannuation;
- The maximum short-term incentive opportunity is 30% of fixed remuneration; and
- Mr Edwards is eligible to participate in the Company's Employee Equity Incentive Plan.

### Non-Executive Directors

Non-executive directors are paid fees of $60,000 per annum. There are no contractual termination benefits and contracts are conditional upon re-election by shareholders. An appointment shall cease automatically if the Director gives notice to the Board or if the Director is not re-elected as a Director by the shareholders of the Company. There are no termination entitlements or notice periods.

## Options and Performance Rights Granted to Key Management Personnel

### Unlisted Options

On 9 January 2018, Shareholders at a general meeting passed resolutions to issue unlisted options to non-executive directors (or their nominees) as follows: Xingmin (Max) Ji, 3,000,000 unlisted options, Patrick Burke, 2,500,000 unlisted options; Guanghui (Michael) Ji, 2,000,000 unlisted options; Paula Ferreira, 2,000,000 unlisted options. The options were issued for no consideration have an exercise price of $0.11, a vesting date of 9 January 2019 and an expiry date of 9 January 2020.

### Shares and Performance Rights

During the 2018 financial year, no shares or performance rights were granted to KMP as remuneration (2017: Nil).

## Loans to Directors and Key Management Personnel

No loans have been made to KMP of the Group, including their related entities.

## Additional Disclosures Relating to Key Management Personnel

The movement during the financial year in the number of ordinary shares, options over ordinary shares and performance rights in the Company held directly, indirectly or beneficially by each KMP, including their related parties, is as follows:

### Shareholdings of Key Management Personnel

| | 1 January 2018 | Purchased | Issued | 31 December 2018 |
|---|---|---|---|---|
| **Name** | | | | |
| Xingmin (Max) Ji | - | 108,524 | - | 108,524 |
| Peter Canterbury | 337,500 | 391,071 | 6,000,000 | 6,728,571 |
| Ms Paula Ferreira | - | - | - | - |
| Patrick Burke | - | - | - | - |
| Guanghui (Michael) Ji | - | - | - | - |
| David Edwards | 140,625 | - | 1,500,000 | 1,640,625 |
| | **478,125** | **499,595** | **7,500,000** | **8,477,720** |

### Option holdings of Key Management Personnel

| | 1 January 2018 | Acquired | Granted | Expired | 31 December 2018 |
|---|---|---|---|---|---|
| **Name** | | | | | |
| Xingmin (Max) Ji | - | 7,235 | 3,000,000 | - | 3,007,235 |
| Peter Canterbury | 37,500 | 64,321 | - | (53,250) | 48,571 |
| Ms Paula Ferreira | - | - | 2,000,000 | - | 2,000,000 |
| Patrick Burke | - | - | 2,500,000 | - | 2,500,000 |
| Guanghui (Michael) Ji | - | - | 2,000,000 | - | 2,000,000 |
| David Edwards | 15,625 | - | - | (15,625) | - |
| | **53,125** | **71,556** | **9,500,000** | **68,875** | **9,555,806** |

On 9 January 2018, Shareholders at a general meeting passed resolutions to issue unlisted options to non-executive directors (or their nominees) as follows: Xingmin (Max) Ji, 3,000,000 unlisted options, Patrick Burke, 2,500,000 unlisted options; Guanghui (Michael) Ji, 2,000,000 unlisted options; Paula Ferreira, 2,000,000 unlisted options. The options issued for no consideration have an exercise price of $0.11, a vesting date of 9 January 2019 and an expiry date of 9 January 2020.

### Performance rights holdings of Key Management Personnel

| | 1 January 2018 | Vested | Lapsed | 31 December 2018 |
|---|---|---|---|---|
| **Name** | | | | |
| Xingmin (Max) Ji | - | - | - | - |
| Peter Canterbury | 12,000,000 | (6,000,000) | - | 6,000,000 |
| Ms Paula Ferreira | 2,500,000 | - | (2,500,000) | - |
| Patrick Burke | - | - | - | - |
| Guanghui (Michael) Ji | - | - | - | - |
| David Edwards | 3,000,000 | (1,500,000) | - | 1,500,000 |
| | **17,500,000** | **(7,500,000)** | **(2,500,000)** | **7,500,000** |

**This concludes the audited Remuneration Report.**

## Environmental Regulation

The Group holds various exploration licenses which regulate its exploration activities in Mozambique. These licenses include conditions and regulations with respect to the rehabilitation of areas disturbed during exploration activities. The Board believes that it has adequate systems in place for the management of its environmental requirements and is not aware of any breach of environmental requirements as they apply to the Group.

### Shares under Option

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

| | Exercise Price | Shares under option |
|---|---|---|
| Unlisted options expiry 9 January 2020 | $0.11 | 9,500,000 |
| Listed options expiry 30 September 2020 | $0.10 | 204,049,883 |
| | | **213,549,883** |

No option holder has any right under the options to participate in any other share issue of the Company or of any other entities.

### Shares Issued on the Exercise of Options

During the financial year ended 31 December 2018, 98,756 fully paid ordinary shares (2017: 666) were issued on exercise of options.

### Non-Audit Services

During the year non-audit services of $3,366 in relation to accounting advice were provided by PricewaterhouseCoopers.

## Auditors' Independence Declaration

The auditor's independence declaration for the year ended 31 December 2018 has been received and can be found on page 20.

## Corporate Governance Statement

The Board of Directors of Triton Minerals Limited is responsible for the corporate governance of the Company. Corporate governance describes the framework of rules, relationships, systems and processes within a company and the way in which authority is exercised and controlled within an organisation. The Board guides and monitors the business and affairs of the Company on behalf of security holders by whom they are elected and to whom they are accountable.

The Company's Corporate Governance Statement have been approved by the Board and are available on the Company's website at www.tritonminerals.com.

Signed in accordance with a resolution of the Board of Directors.

______________________________

Peter Canterbury
Managing Director
Dated at Perth this 27 March 2019

# *Auditor's Independence Declaration*

As lead auditor for the audit of Triton Minerals Limited for the year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Triton Minerals Limited and the entities it controlled during the period.

Ben Gargett
Partner

Perth
27 March 2019

***PricewaterhouseCoopers, ABN 52 780 433 757***
*Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840*
*T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au*

Liability limited by a scheme approved under Professional Standards Legislation.

| | Note | 2018<br>$ | 2017<br>$ |
|---|---|---|---|
| Directors and employee benefits expense | | (1,130,647) | (1,533,542) |
| Share-based payment expenses | 17 | (860,583) | (441,717) |
| Administration expenses | | (389,609) | (425,399) |
| Corporate and marketing costs | | (1,501,991) | (874,103) |
| Depreciation expense | | (34,894) | (32,796) |
| Exploration and evaluation expenditure | | (22,197) | (143,841) |
| Settlement of Creditor Trust | | - | (9,034) |
| Loss on disposal of plant and equipment | | (18,175) | - |
| Foreign currency loss | | (99,200) | (6,628) |
| **Results from operating activities** | | **(4,057,296)** | **(3,467,060)** |
| Financial income | | 27,709 | 49,554 |
| **Net financing income** | | **27,709** | **49,554** |
| | | | |
| **Loss before income tax** | | (4,029,587) | (3,417,506) |
| Income tax expense | 12 | - | - |
| **Net loss for the year** | | **(4,029,587)** | **(3,417,506)** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Foreign currency translation | | 394,483 | 245,802 |
| *Items that will not be reclassified to profit or loss* | | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | | 44,902 | - |
| **Total comprehensive loss for the year** | | **(3,590,202)** | **(3,171,704)** |
| | | | |
| **Net loss is attributable to:** | | | |
| Owners of Triton Minerals Limited | | (4,019,483) | (3,336,873) |
| Non-Controlling Interest | | (10,104) | (80,633) |
| | | **(4,029,587)** | **(3,417,506)** |
| **Total comprehensive loss is attributable to:** | | | |
| Owners of Triton Minerals Limited | | (3,533,321) | (3,140,231) |
| Non-Controlling Interest | | (56,881) | (31,473) |
| | | **(3,590,202)** | **(3,171,704)** |
| | | **2018**<br>**Cents** | **2017**<br>**Cents** |
| Loss per share attributable to ordinary equity holders – basic and diluted | 16 | (0.48) | (0.50) |

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 1,383,865 | 5,690,723 |
| Current receivables | 5 | 16,948 | 110,564 |
| Prepayments | | 121,968 | 81,865 |
| **Total current assets** | | **1,522,781** | **5,883,152** |
| | | | |
| **Non-current assets** | | | |
| Financial assets at fair value through other comprehensive income | | 155,202 | 110,300 |
| Other receivables | 6 | 698,771 | 443,150 |
| Prepayments | | 40,546 | 51,123 |
| Plant and equipment | | 103,410 | 146,759 |
| Exploration and evaluation assets | 7 | 19,346,112 | 14,093,032 |
| **Total non-current assets** | | **20,344,041** | **14,844,364** |
| | | | |
| **Total assets** | | **21,866,822** | **20,727,516** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 | 632,712 | 1,267,535 |
| Provisions | 9 | 100,142 | 55,971 |
| **Total current liabilities** | | **732,854** | **1,323,506** |
| | | | |
| **Non-current liabilities** | | | |
| Provisions | 9 | 573,702 | 60,001 |
| **Total non-current liabilities** | | **573,702** | **60,001** |
| | | | |
| **Total liabilities** | | **1,306,556** | **1,383,507** |
| | | | |
| **Net assets** | | **20,560,266** | **19,344,009** |
| | | | |
| **Equity** | | | |
| Issued capital | 10 | 87,019,826 | 79,096,870 |
| Reserves | 11 | 7,364,470 | 8,625,784 |
| Accumulated losses | | (73,824,030) | (69,849,449) |
| **Equity attributable to the owners of the parent entity** | | **20,560,266** | **17,873,205** |
| | | | |
| Non-controlling interest | 22 | - | 1,470,804 |
| | | | |
| **Total equity** | | **20,560,266** | **19,344,009** |

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

## Consolidated Statement of Changes in Equity

| | Ordinary Share Capital | Fair Value Reserve | Foreign Currency Translation Reserve | Share-based Payment Reserve | Transactions with Non-Controlling Interests | Retained Losses | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | |
| **Balance at 1 January 2017** | **73,508,471** | **56,823** | **-** | **6,847,639** | **-** | **(66,512,576)** | **1,502,277** | **15,402,634** |
| **Comprehensive Income:** | | | | | | | | |
| Loss for the year | - | - | - | - | - | (3,336,873) | (80,633) | (3,417,506) |
| **Other Comprehensive Income** | | | | | | | | |
| Gain on translation of foreign currency subsidiary | - | - | 196,642 | - | - | - | 49,160 | 245,802 |
| **Total Comprehensive Income for the year** | **-** | **-** | **196,642** | **-** | **-** | **(3,336,873)** | **(31,473)** | **(3,171,704)** |
| **Transactions with owners recorded directly in equity** | | | | | | | | |
| Cost of share-based payments | - | - | - | 441,717 | - | - | - | 441,717 |
| Issue of shares and free attaching options | 6,152,182 | - | - | 1,058,189 | - | - | - | 7,210,371 |
| Share issue costs | (563,783) | - | - | 24,774 | - | - | - | (539,009) |
| **Balance at 31 December 2017** | **79,096,870** | **56,823** | **196,642** | **8,372,319** | **-** | **(69,849,449)** | **1,470,804** | **19,344,009** |
| | | | | | | | | |
| **Balance at 1 January 2018** | **79,096,870** | **56,823** | **196,642** | **8,372,319** | **-** | **(69,849,449)** | **1,470,804** | **19,344,009** |
| **Comprehensive Income:** | | | | | | | | |
| Loss for the year | - | - | - | - | - | (4,019,483) | (10,104) | (4,029,587) |
| **Other Comprehensive Income** | | | | | | | | |
| Gain on translation of foreign currency subsidiary | - | - | 441,260 | - | - | - | (46,777) | 394,483 |
| Unrealised gain on financial assets at fair value through other comprehensive income | - | - | - | - | - | 44,902 | - | 44,902 |
| **Total Comprehensive Income for the year** | **-** | **-** | **441,260** | **-** | **-** | **(3,974,581)** | **(56,881)** | **(3,590,202)** |
| **Transactions with owners recorded directly in equity** | | | | | | | | |
| Transactions with non-controlling interest | - | - | - | - | (3,046,457) | - | (1,413,923) | (4,460,380) |
| Cost of share-based payments | - | - | - | 860,583 | | - | - | 860,583 |
| Issue of shares and free attaching options | 8,741,098 | - | - | 439,003 | | - | - | 9,180,101 |
| Share issue costs | (818,142) | - | - | 44,297 | | - | - | (773,845) |
| **Balance at 31 December 2018** | **87,019,826** | **56,823** | **637,902** | **9,716,202** | **(3,046,457)** | **(73,824,030)** | **-** | **20,560,266** |

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

| | Note | 2018<br>$ | 2017<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (3,331,021) | (2,324,831) |
| Creditors Trust (Settlement)/Distribution | | (30,000) | 1,200,000 |
| **Net cash outflow from operating activities** | 18 | **(3,361,021)** | **(1,124,831)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of plant and equipment | | 5,772 | - |
| Payments for acquisition of plant and equipment | | (9,032) | (103,475) |
| Payments for exploration and evaluation expenditure | | (6,053,898) | (6,681,782) |
| Proceeds from R&D Tax concession | | 753,959 | - |
| Interest received | | 27,709 | 49,554 |
| **Net cash outflow from investing activities** | | **(5,275,490)** | **(6,735,703)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of shares | | 9,180,101 | 7,210,371 |
| Share issue costs | | (773,805) | (539,008) |
| Transactions with non-controlling interests | | (4,012,453) | - |
| Payment of bank guarantee for property lease | | (50,808) | - |
| **Net cash inflow from financing activities** | | **4,343,035** | **6,671,363** |
| | | | |
| **Net (decrease) in cash and cash equivalents** | | **(4,293,476)** | **(1,189,171)** |
| | | | |
| Cash and cash equivalents at the beginning of the financial year | | 5,690,723 | 6,967,605 |
| | | | |
| Net foreign exchange differences | | (13,382) | (87,711) |
| | | | |
| **Cash and cash equivalents at the end of the financial year** | 4 | **1,383,865** | **5,690,723** |

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

## NOTE: 1. REPORTING ENTITY

These consolidated financial statements comprise Triton Minerals Limited (Company) and its controlled entities (the Group). Triton Minerals Limited is a company limited by shares, incorporated and domiciled in Australia.

The Group is a for-profit entity and is primarily involved in mineral exploration, evaluation and development.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

## NOTE: 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on an historical cost basis except for the measurement at fair value of financial assets.

#### *Going Concern*

The financial statements have been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 31 December 2018, the Group recorded a loss after tax of $4,029,587 (2017: Loss of $3,417,506) and had a net working capital surplus of $768,101 (2017: surplus of $4,533,752). Cash out flows from operational and investing activities were $8,636,511 (2017: cash out flow of $7,860,534) primarily reflecting corporate, marketing and Ancuabe early works activities.

In December 2018, Grafex received confirmation that the National Institute of Mines (INAMI) had approved the mining concession application for the Project and that the application had been passed to the Minister of Mineral Resources for final approval on behalf of the Mozambique Government. This approval has not been received as yet.

The Group has prepared a 12-month cash flow forecast for Ancuabe raw water dam construction, completion of detailed processing plant design, securing long lead capital items and construction of the Ancuabe Graphite Project. The forecast demonstrates that there is a need for additional funding over and above the funds that will be received from the capital raising announced to the ASX on 12 December 2018. Without additional funds the Company would be required to significantly scale back planned Ancuabe activity, payroll costs and corporate overheads.

Whilst the Company has demonstrated a track record in raising capital and ongoing discussions with financiers indicate that development funding may be made available when required, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern for at least 12 months from the date of this report without additional capital and therefore, whether it is able to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The financial statements were authorised for issue by the Board of Directors on 27 March 2019.

### *Functional and Presentation Currency*

The presentation currency for the Group is in Australian Dollars. The functional currency for entities in the Group is disclosed in Note 2(k).

### *Critical Accounting Estimates and Judgments*

The preparation of financial statements in conformity with AASBs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 2(q) – Capitalisation of Exploration and Evaluation Assets

Note 9 – Provisions

Note 17 – Share-based payments

## b. New Standards, Interpretations and Amendments Adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share Based Payment Transactions
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers to Investment, Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

### Summary of quantitative impacts

Except for the impact of adopting AASB 9 Financial instruments (described below) there is no impact arising from the changes to Group's accounting policies. The Group has adopted all the new and revised Standards issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

### Impact of Adopting AASB 9 Financial Instruments

The Group applies for the first time AASB 9 Financial Instruments the nature and effect of these changes are discussed below.

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods on or after 1 January 2018, bringing together all three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting. The hedge accounting changes are not applicable to the Group.

Under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Financial assets are then subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI).

On adoption of AASB 9, Triton has reclassified its financial assets as subsequently measured at amortised cost or fair value depending on the business model for those assets and the contractual cash flow characteristics. There was no change in the classification or measurement of financial liabilities. Under AASB 9, the Group's financial assets of cash and cash equivalents and trade and other receivables are classified as 'financial assets at amortised cost'.

At the date of adoption, the Group had two investments that comprised available-for-sale financial assets. The Group made an irrevocable election to classify and subsequently measure these investments at FVOCI with no recycling of gains or losses to profit or loss on derecognition. This category only included equity instruments which at the date of adoption the Group intended to hold for the foreseeable future and which the Group had irrevocably elected to classify upon initial recognition or transition. Equity instruments at FVOCI are not subject to an impairment assessment under AASB 9. At 31 December 2018 and at 31 December 2017, the Group's financial assets comprise investments in quoted equity securities which are measured and carried at fair value and the Group made an irrevocable election on transition to AASB 9 to present subsequent changes in FVOCI as at the date of adoption of AASB9 the investments were strategic and long-term in nature. The fair value for these financial assets is calculated on a recurring basis at each balance date with reference to quoted prices (unadjusted) in active markets (Level 1). There were no movements between levels of the fair value hierarchy during the year ended 31 December 2018.

In relation to the reclassification and measurement of financial assets and liabilities, there was no impact on the Consolidated Profit or Loss Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet or Consolidated Statement of Changes in Equity on adoption of AASB 9. Nor has there been any impact on basic and diluted earnings per share.

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of AASB 9 has not resulted in the recognition of an impairment allowance for the Group's receivables. Accordingly, there was no impact on the Consolidated Statement of Profit or Loss or Other Comprehensive Income, Consolidated Statement of Financial Position or Consolidated Statement of Changes in Equity, nor has there been any impact on basic and diluted earnings per share.

### Standards and Interpretations on issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial period/ year ending |
|---|---|---|
| AASB 16 Leases | 1 January 2019 | 31 December 2019 |

A preliminary assessment of AASB 16 has been conducted and concluded that adoption of the standard will affect the accounting for the group's operating leases.

As at the reporting date, the group has non-cancellable operating lease commitments of $350,064, see note 15. Of these commitments, approximately $31,157 relate to short-term leases which will be recognised on a straight-line basis as an expense in profit or loss.

For the remaining lease commitments, the group expects to recognise a right-of-use asset and a corresponding lease liability of approximately $318,907 on 1 January 2019. Overall there will not be a material effect on net profit after tax, net assets or net current assets.

Operating cash outflows will decrease, and financing cash outflows will increase by approximately $318,907 over the remaining term of the lease as repayments of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

## c. Principles of Consolidation

***Subsidiaries***

Subsidiaries are all those entities (including special purpose entities) controlled by the Company.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intra-group transactions, balances and unrealised gains on transactions between Group 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 Group.

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

Investments in subsidiaries are carried at cost less impairment in the Company’s separate financial statements.

## d. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

## e. Income Tax

The income tax expense or credit 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.

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or 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 income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

The amount of benefits brought to account or which may be realised in the future assumes that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### Tax Consolidation

Triton Minerals Limited and its Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Therefore, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is Triton Minerals Limited.

Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the stand-alone taxpayer approach to allocation. Current tax liabilities and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax-consolidated group to apply from 1 July 2006. The tax-consolidated group has entered into a tax funding agreement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the Group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amount recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to, the head entity.

### f. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

### g. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in the statement of comprehensive income. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

### h. Depreciation

Property, plant and equipment are depreciated on a straight-line basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset.

| Class of Fixed Asset | Useful Life |
|---|---|
| Plant and Equipment | 2 – 20 years |

The assets' carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit and loss on disposal are determined by comparing proceeds with the carrying amount. These amounts are included in the statement of profit or loss and other comprehensive income.

### i. Financial Assets

#### *(i) Classification*

The group's financial assets comprise loans and receivables and equity investments.

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value; and
- those to be measured at amortised cost.

From 1 January 2018, Triton has reclassified its financial assets as subsequently measured at amortised cost or fair value depending on the business model for those assets and the contractual cash flow characteristics. There was no change in the classification or measurement of financial liabilities.

The Group's financial assets of cash and cash equivalents and trade and other receivables are classified as 'financial assets at amortised cost'.

The Group has made an irrevocable election to classify financial assets of equity investments that are not held for trading at fair value through other comprehensive income (FVOCI) with no recycling of gains and losses to profit and loss on derecognition. These were previously classified as available for sale because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

#### *(ii) Recognition and Derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

### *(iii) Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**Equity instruments**

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### *(iv) Impairment*

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### *(v) Accounting applied until 31 December 2017*

The group has applied AASB 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

**Classification**

Until 31 December 2017, the group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

**Reclassification**

The group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

### Subsequent measurement

The measurement at initial recognition did not change on adoption of AASB 9, see description above.

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss within other gains/(losses)
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

### *(vi) Impairment*

The group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment because of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that a loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

### Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

### Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

### *(vii) Income Recognition*

#### Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method and recognised in the statement of profit or loss as part of other income.

### *(viii) Dividends*

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

## j. Impairment of Non-Financial Assets

#### Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## k. Foreign Currency Translation

### Foreign Operations

The consolidated financial statements are presented in Australian dollars which is the functional currency of the Company and its Australian, Hong Kong and United Arab Emirates registered subsidiaries. The functional currency of Grafex Limitada, a Mozambican subsidiary controlled by Triton, is Mozambique Meticals.

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

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

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

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

### Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## l. Employee Benefits

### *Short-Term Benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

### *Other Long-Term Employee Benefits*

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur. Contributions made to defined employee superannuation funds are charged as expenses when incurred.

### m. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

### n. Revenue

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

### o. Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including financial assets at fair value through other comprehensive income), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### p. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except:

1. Where the amount of GST incurred is not recoverable from the relevant taxation authority, it is recognised as part of the cost of the acquisition of an asset or as part of an item of expenditure.
2. Receivables and payables are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### q. Exploration and Evaluation Assets

Expenditure on exploration and evaluation is incurred either to maintain an interest or in earning an interest and is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically

recoverable reserves, and active significant operations in, or relating to, the area of interest are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the Directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

- Acquired exploration assets are not written down below acquisition cost until the acquisition cost is not expected to be recovered.
- When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

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

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised development expenditure. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment. Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

***Impairment***

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

### r. Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### s. Share-based Payment Transactions

The grant-date fair value of share-based payment awards granted is recognised as an expense, with a corresponding increase in equity, over the period that the individual unconditionally becomes entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based-payment awards with market-based conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### t. Segment Reporting

#### *Determination and Presentation of Operating Segments*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expense that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

### u. Earnings per Share (EPS)

#### *Basic Earnings per Share*

Basic earnings per share are calculated by dividing the net profit/(loss) attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements.

#### *Diluted Earnings per Share*

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

## NOTE: 3. DETERMINATION OF FAIR VALUES

### Equity Instruments

The fair value of financial assets at fair value through other comprehensive income is determined by reference to their quoted closing bid price at the reporting date.

### Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

### Non-Derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of the provision for foreign tax was initially determined using management's estimate of the US dollar liability that may arise converted at the equivalent Australian dollar exchange rate at the date the provision was recognised. The provision was subsequently revalued using the Australian dollar exchange rate at 31 December 2018.

### Share-Based Payment Transactions

The fair value of the employees' shares is measured using an appropriate valuation model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

## NOTE: 4. CASH AND CASH EQUIVALENTS

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Cash at bank and on hand | 1,353,865 | 2,643,104 |
| Short-term bank deposits | 30,000 | 3,047,619 |
| **Total cash and cash equivalents** | **1,383,865** | **5,690,723** |

## NOTE: 5. CURRENT RECEIVABLES

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Goods and services tax receivable | 12,151 | 106,164 |
| Other receivables | 4,797 | 4,400 |
| **Total current receivables** | **16,948** | **110,564** |

Due to the short-term nature of receivables, their carrying value is assumed to approximate their fair value.

## NOTE: 6. OTHER RECEIVABLES

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Mozambique sales tax | 647,963 | 443,150 |
| Bank guarantee | 50,808 | - |
| **Total other assets** | **698,771** | **443,150** |

Claims for refund of Mozambique sales tax incurred have been lodged with the Mozambique tax authority.

## NOTE: 7. EXPLORATION & EVALUATION ASSETS

### Exploration at cost

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Balance at the beginning of the year | 14,093,032 | 7,579,945 |
| Expenditure during the year | 5,627,364 | 6,175,978 |
| Research and development tax concession credit | (753,959) | - |
| Movement in rehabilitation provision | - | (56,786) |
| Foreign exchange translation | 379,675 | 393,895 |
| **Balance at the end of the financial year** | **19,346,112** | **14,093,032** |

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the areas of interest. Management reassesses the carrying value of the Group's tenements at each half year, or at a period other than that, should there be any indication of impairment.

## NOTE: 8. CURRENT TRADE AND OTHER PAYABLES

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Trade payables | 289,180 | 708,514 |
| Other payables and accruals | 343,532 | 559,021 |
| **Total trade and other payables** | **632,712** | **1,267,535** |

Trade payables are non-interest bearing and usually settled within 45 days.

## NOTE: 9. PROVISIONS

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| **Current** | | |
| Provision for annual leave | 100,142 | 55,971 |
| **Total current provisions** | **100,142** | **55,971** |
| | | |
| **Non-current** | | |
| Provision for rehabilitation | 60,001 | 60,001 |
| Provision for foreign tax | 513,701 | - |
| **Total Non-Current Provisions** | **573,702** | **60,001** |
| | | |
| **Movement in provisions** | | |
| Opening balance | 115,972 | 155,898 |
| Provisions made during the year | 558,514 | 102,849 |
| Provisions used during the year | (66,933) | (44,924) |
| Reduction to rehabilitation provision | - | (98,945) |
| Foreign exchange translation | 66,291 | 1,094 |
| **Closing balance** | **673,844** | **115,972** |

On 21 February 2018, the Company announced it had entered into an agreement with the minority shareholder of Grafex under which the Company agreed to purchase the remaining minority interest. On completion of the purchase, Triton's economic interest in Grafex increased from 80% to 100%. The acquisition completed in March 2018. A provision for foreign tax of approximately US$350,000 has been recognised to reflect the Group's best estimate of the capital gains tax liability that may be assessed on the acquisition, based on a range of possible outcomes. The Company has commenced the process to undertake the self-assessment required to settle any liability that may arise.

## NOTE: 10. ISSUED CAPITAL

### a. Ordinary shares

| | Number of Shares | | $ | $ |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| Ordinary shares, issued and fully paid | 927,137,924 | 768,864,149 | 87,019,826 | 79,096,870 |

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

### b. Movements in ordinary shares issued

| 2018 | | Number | $ |
|---|---|---|---|
| At 1 January 2018 | | 768,864,149 | 79,096,870 |
| 11 Jan 2018 | Exercise of options | 8,750 | 963 |
| 11 Jan 2018 | Conversion of performance rights | 1,000,000 | - |
| 27 Feb 2018 | Exercise of options | 287 | 32 |
| 21 Mar 2018 | Exercise of options | 801 | 88 |
| 22 Mar 2018 | Placement | 12,500,000 | 1,000,000 |
| 22 Mar 2018 | Issue of free attaching options | - | (69,659) |
| 23 April 2018 | Exercise of options | 2,947 | 324 |
| 4 May 2018 | Entitlement offer | 11,653,227 | 932,258 |
| 4 May 2018 | Issue of free attaching options | - | (37,470) |
| 8 May 2018 | Entitlement offer | 40,506,776 | 3,240,542 |
| 8 May 2018 | Issue of free attaching options | - | (140,069) |
| 28 June 2018 | Exercise of options | 7,347 | 881 |
| 2 July 2018 | Exercise of options | 50,000 | 6,000 |
| 31 Aug 2018 | Placement | 10,638,298 | 500,000 |
| 7 Sep 2018 | Exercise of options | 12,999 | 1,460 |
| 11 Oct 2018 | Placement | 14,000,000 | 658,000 |
| 26 Oct 2018 | Entitlement offer | 29,826,305 | 1,401,839 |
| 26 Oct 2018 | Issue of free attaching options | - | (98,738) |
| 30 Oct 2018 | Entitlement offer | 30,052,637 | 1,412,475 |
| 30 Oct 2018 | Issue of free attaching options | - | (91,554) |
| 30 Oct 2018 | Conversion of performance rights | 7,500,000 | - |
| 31 Oct 2018 | Entitlement offer | 497,776 | 23,395 |
| 31 Oct 2018 | Issue of free attaching options | - | (1,513) |
| 30 Nov 2018 | Exercise of options | 3,125 | 344 |
| 14 Dec 2018 | Exercise of options | 12,500 | 1,500 |
| | Transaction costs | | (818,142) |
| **Balance 31 December 2018** | | **927,137,924** | **87,019,826** |

Shares were issued during the year to provide working capital to the Company.

| 2017 | | Number | $ |
|---|---|---|---|
| At 1 January 2017 | | 657,804,633 | 73,508,471 |
| 16 Mar 2017 | Exercise of options | 666 | 100 |
| 18 Sep 2017 | Placement | 25,629,500 | 1,230,216 |
| 11 Dec 2017 | Entitlement offer | 85,429,350 | 5,980,055 |
| 11 Dec 2017 | Issue of free attaching options | | (1,058,189) |
| | Transaction costs | | (563,783) |
| **Balance 31 December 2017** | | **768,864,149** | **79,096,870** |

Shares were issued during the year to provide working capital to the Company.

### c. Movements in listed options

| 2018 | | Number of Options | Exercise Price $ | Expiry Date |
|---|---|---|---|---|
| At 1 January 2018 | | 87,429,350 | | |
| 11 Jan 2018 | Exercise of options | (8,750) | 0.11 | 30 November 2018 |
| 27 Feb 2018 | Issue of options | 12,000,000 | 0.11 | 30 November 2018 |
| 27 Feb 2018 | Exercise of options | (287) | 0.11 | 30 November 2018 |
| 21 Mar 2018 | Exercise of options | (801) | 0.11 | 30 November 2018 |
| 22 Mar 2018 | Placement | 6,250,000 | 0.12 | 31 December 2018 |
| 23 April 2018 | Exercise of options | (2,947) | 0.11 | 30 November 2018 |
| 4 May 2018 | Entitlement offer | 5,826,678 | 0.12 | 31 December 2018 |
| 8 May 2018 | Entitlement offer | 20,253,393 | 0.12 | 31 December 2018 |
| 8 May 2018 | Entitlement offer – underwriters fees | 2,000,000 | 0.12 | 31 December 2018 |
| 28 June 2018 | Exercise of options | (7,347) | 0.12 | 31 December 2018 |
| 2 July 2018 | Exercise of options | (50,000) | 0.12 | 31 December 2018 |
| 7 Sep 2018 | Exercise of options | (9,999) | 0.11 | 30 November 2018 |
| 7 Sep 2018 | Exercise of options | (3,000) | 0.12 | 31 December 2018 |
| 26 Oct 2018 | Entitlement offer | 29,826,305 | 0.10 | 30 September 2020 |
| 30 Oct 2018 | Entitlement offer | 30,052,637 | 0.10 | 30 September 2020 |
| 30 Oct 2018 | Entitlement offer – underwriters fees | 10,000,000 | 0.10 | 30 September 2020 |
| 31 Oct 2018 | Entitlement offer | 497,776 | 0.10 | 30 September 2020 |
| 30 Nov 2018 | Exercise of options | (3,125) | 0.11 | 30 November 2018 |
| 30 Nov 2018 | Expiry of options | (99,403,441) | 0.11 | 30 November 2018 |
| 14 Dec 2018 | Exercise of options | (12,500) | 0.11 | 30 November 2018 |
| 31 Dec 2018 | Expiry of options | (34,257,224) | 0.12 | 31 December 2018 |
| **Balance 31 December 2018** | | **70,376,718** | | |

| 2017 | | Number of Options | Exercise Price $ | Expiry Date |
|---|---|---|---|---|
| At 1 January 2017 | | 22,220,506 | | |
| 16 Mar 2017 | Expiry of options | (22,219,840) | 0.15 | 16 March 2017 |
| 16 Mar 2017 | Exercise of options | (666) | 0.15 | 16 March 2017 |
| 11 Dec 2017 | Entitlement offer | 85,429,350 | 0.11 | 30 November 2018 |
| 11 Dec 2017 | Entitlement offer: underwriters fees | 2,000,000 | 0.11 | 30 November 2018 |
| **Balance 31 December 2017** | | **87,429,350** | | |

Further detail on listed options is included in Note 17: Share Based Payments.

### d. Movements in unlisted options

| 2018 | | Number of Options | Exercise Price $ | Expiry Date |
|---|---|---|---|---|
| At 1 January 2018 | | 54,548,763 | | |
| 11 Jan 2018 | Issue of options | 9,500,000 | 0.11 | 9 January 2020 |
| 23 Jan 2018 | Expiry of options | (4,548,763) | 0.2748 | 23 January 2018 |
| 30 Jun 2018 | Expiry of options | (50,000,000) | 0.10 | 30 June 2018 |
| **Balance 31 December 2018** | | **9,500,000** | | |

| 2017 | | Number of Options | Exercise Price $ | Expiry Date |
|---|---|---|---|---|
| At 1 January 2017 | | 65,245,189 | | |
| 16 Mar 2017 | Expiry of options | (696,426) | 0.20 | 16 March 2017 |
| 21 July 2017 | Expiry of options | (5,000,000) | 1.00 | 21 July 2017 |
| 25 Aug 2017 | Expiry of options | (5,000,000) | 0.70 | 25 August 2017 |
| **Balance 31 December 2017** | | **54,548,763** | | |

Further detail on listed options is included in Note 17: Share Based Payments.

### e. Movement in performance rights

| 2018 | | Number of Performance Rights |
|---|---|---|
| At 1 January 2018 | | 20,000,000 |
| 10 Jan 2018 | Conversion of performance rights | (1,000,000) |
| 20 Aug 2018 | Lapsed performance rights | (2,500,000) |
| 30 Oct 2018 | Conversion of performance rights | (7,500,000) |
| **Balance 31 December 2018** | | **9,000,000** |

| 2017 | | Number of Performance Rights |
|---|---|---|
| At 1 January 2017 | | 14,500,000 |
| 16 Mar 2017 | Grant of performance rights | 5,500,000 |
| **Balance 31 December 2017** | | **20,000,000** |

Further detail on performance rights is included in Note 17: Share Based Payments.

### f. Capital Management

The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital positions of the Group at 31 December 2018 and 31 December 2017 were as follows:

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Cash and cash equivalents | 1,383,865 | 5,690,723 |
| Trade and other receivables | 16,948 | 110,564 |
| Trade and other payables | (632,712) | (1,267,534) |
| Working capital position | **768,101** | **4,533,752** |

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

## NOTE: 11. RESERVES

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Fair value reserve | 56,823 | 56,823 |
| Foreign currency translation reserve | 637,902 | 196,642 |
| Share based payments reserve | 9,716,212 | 8,372,319 |
| Transactions with non-controlling interests | (3,046,457) | - |
| **Total reserves** | **7,364,470** | **8,625,784** |

The share-based payment reserve comprises the cost of shares and options. Refer to Note 17.

## NOTE: 12. INCOME TAX EXPENSE

| **Reconciliation between tax expense and pre-tax loss:** | **2018** | **2017** |
|---|---|---|
| | $ | $ |
| Accounting loss before income tax | (4,029,587) | (3,417,506) |
| At the domestic income tax rate of 30.0% (2017: 27.5%) | (1,208,876) | (939,814) |
| - Expenditure not allowed for income tax purposes | 507,574 | 295,224 |
| - Under/(over) provision in prior year | (7,817) | 217,172 |
| - Current year losses and temporary differences for which no deferred tax asset was recognised | 709,119 | 427,418 |
| **Income tax expense reported in the statement of comprehensive income** | **-** | **-** |

| | 2018 $ | 2017 $ |
|---|---|---|
| **Unrecognised deferred tax assets at 31 December** | | |
| Unused tax losses | 29,424,637 | 26,243,015 |
| Potential tax benefit @ 30.0% (2017: 27.5%) | 8,827,391 | 7,216,829 |
| Tax losses offset against deferred tax liabilities | (48,754) | (21,477) |
| **Unrecognised tax benefit** | **8,778,637** | **7,195,352** |

Potential deferred tax assets net of deferred tax liabilities attributable to tax losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable as at the date of this report.

The benefits of these tax losses will only be obtained if:

a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

b) The conditions for deductibility imposed by tax legislation continue to be complied with; and

c) No changes in tax legislation adversely affect the Group in realising the benefit.

| **Deferred income tax** | **2018** | **2017** |
|---|---|---|
| **Statement of financial position** | **$** | **$** |
| Deferred income tax relates to the following: | | |
| **Deferred Tax Liabilities** | | |
| Prepayments | 48,754 | - |
| **Deferred Tax Assets** | | |
| Deferred tax assets used to offset deferred tax liabilities | (48,754) | - |
| | **-** | **-** |

## NOTE: 13. CONTROLLED ENTITIES

The following table contains the particulars of all of the subsidiaries of the Company:

| Name | Country of Incorporation | Percentage Owned (%) 2018 | 2017 |
|---|---|---|---|
| Triton Gold (Operations) Pty Ltd | Australia | 100 | 100 |
| Triton Gold (Project A) Pty Ltd* | Australia | 100 | 100 |
| Triton Gold (Grenville) Pty Ltd* | Australia | 100 | 100 |
| Triton United Limited | United Arab Emirates | 100 | 100 |
| Triton Minerals Management FZE** | United Arab Emirates | 100 | - |
| Triton Asia Pte Ltd | Hong Kong | 100 | 100 |
| Grafex Limitada*** | Mozambique | 100 | 80 |

*Triton Gold (Project A) Pty Ltd and Triton Gold (Grenville) Pty Ltd are subsidiaries of Triton Gold (Operations) Pty Ltd.

** Incorporated 2 May 2018

***Grafex Limitada is a subsidiary of Triton Minerals Limited. On 13 March 2018, the Company completed the acquisition of the remaining economic interest in Grafex Limitada. The Company is seeking formal approval of the transfer under Mozambique legislation to complete the transfer of legal title; however, it enjoys 100% economic benefit to the shares until formal approval is received.

## NOTE: 14. OPERATING SEGMENTS

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess its performance. The segments during the year are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker, being the Managing Director. Comparative segment information has been reclassified to conform to the current presentation.

The reportable segments are based on aggregated operating segments determined by the similarity of economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The consolidated entity has one reportable segment based on the Company's exploration and development activities in Mozambique. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segment.

| **i) Segment Performance** | **2018**<br>**$** | **2017**<br>**$** |
|---|---|---|
| Segment result | (229,459) | (400,602) |
| **Unallocated items** | | |
| Other corporate income | 27,709 | 49,554 |
| Other corporate expenses | (3,827,837) | (3,066,458) |
| **Net loss before tax** | **(4,029,587)** | **(3,417,506)** |

| **ii) Segment Assets** | **2018**<br>**$** | **2017**<br>**$** |
|---|---|---|
| Cash and cash equivalents | 40,093 | 133,751 |
| Exploration and evaluation expenditure | 19,346,112 | 14,093,032 |
| Other assets | 733,665 | 554,742 |
| **Total segment assets** | **20,119,870** | **14,781,525** |
| | | |
| Reconciliation of segment assets to group assets: | | |
| Other corporate assets | 1,746,952 | 5,945,991 |
| **Total assets** | **21,866,822** | **20,727,516** |

| **iii) Segment Liabilities** | **2018**<br>**$** | **2017**<br>**$** |
|---|---|---|
| Trade and other payables | 122,809 | 151,700 |
| Provisions | 7,128 | 8,507 |
| **Total segment liabilities** | **129,937** | **160,207** |
| | | |
| Reconciliation of segment liabilities to group liabilities: | | |
| Other corporate liabilities | 1,176,619 | 1,223,300 |
| **Total liabilities** | **1,306,556** | **1,383,507** |

## NOTE: 15. COMMITMENTS FOR EXPENDITURE

### a. Minimum Operating Lease Commitments

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Not longer than one year | 214,424 | 58,798 |
| Longer than one year, but not longer than five years | 191,274 | 8,571 |
| **Total** | **405,698** | **67,369** |

### b. Exploration Expenditure Commitments

In order to maintain the current rights of tenure to mining tenements, the Company has the following exploration expenditure requirements up until the expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable as follows:

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Not longer than one year | 217,430 | 173,154 |
| **Total** | **217,430** | **173,154** |

If the Company decides to relinquish certain leases and/or does not meet the obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish the above obligations.

## NOTE: 16. EARNINGS PER SHARE (EPS)

### a. Basic and Diluted loss per share

| | 2018 | 2017 |
|---|---|---|
| | Cents | Cents |
| Loss attributable to ordinary equity holders of the Group | (0.48) | (0.50) |

### b. Reconciliation of earnings to loss

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Net loss attributable to ordinary equity holders | (4,029,587) | (3,417,506) |
| **Earnings used to calculate basic EPS** | **(4,029,587)** | **(3,417,506)** |

### c. Weighted average number of ordinary shares outstanding

| | 2018 | 2017 |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the year used to calculate basic EPS | 832,118,936 | 683,142,530 |

## NOTE: 17. SHARE-BASED PAYMENTS

### a. Share-based payments

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Expense arising from issue of performance rights | 860,583 | 441,717 |
| **Total share-based payments** | **860,583** | **441,717** |

### b. Listed and Unlisted Options

The following table details the number, weighted average exercise prices (WAEP) and movements in share options issued as capital raising purposes, employment incentives or as payments to third parties for services during the year.

| | 2018<br>Number | 2018<br>WAEP | 2017<br>Number | 2017<br>WAEP |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 141,978,113 | $0.11 | 87,465,695 | $0.21 |
| Listed options granted during the year | 116,706,789 | $0.11 | 87,429,350 | $0.11 |
| Unlisted options granted during the year | 9,500,000 | $0.11 | - | - |
| Listed options lapsed during the year | (133,660,665) | $0.11 | - | - |
| Unlisted options lapsed during the year | (54,548,763) | $0.12 | (32,916,266) | $0.36 |
| Exercised during the year | (98,756) | $0.12 | (666) | $0.15 |
| **Outstanding at the end of the year** | **79,876,718** | **$0.10** | **141,978,113** | **$0.11** |

### c. Options exercisable at reporting date

| | 2018<br>Number | Exercise<br>price |
|---|---|---|
| Unlisted options expiring 9 January 2020 | 9,500,000 | $0.11 |
| Listed options expiring 30 September 2020 | 70,376,718 | $0.10 |
| **Exercisable at the end of the year** | **79,876,718** | |

### d. Listed Options issued during 2018

The maximum terms of options granted during the year are as follows:

- On 27 February 2018, 10,000,000 listed options were granted pursuant to a cooperation deed entered into between the Company and the former minority shareholder of Grafex, whereby the minority shareholder agreed to assist the Company in relation to certain matters in Mozambique. Each listed option has an exercise price of $0.11 and expiry date of 30 November 2018 (Minority Options).
- On 27 February 2018, 2,000,000 listed options were granted pursuant to a consultancy agreement for investor relations and marketing services. Each listed option has an exercise price of $0.11 and expiry date of 30 November 2018 (Consultant Options).
- On 22 March 2018, listed options were issued to sophisticated investors on the basis of one attaching option for every two shares issued as part of a private placement of 12,500,000 shares at an issue price of $0.08 per share. Each option has an exercise price of $0.12 and expire on 31 December 2018 (Placement Options).

- On 4 May and 8 May 2018, listed options were issued to eligible shareholders on the basis of one attaching option for every two shares issued as part of a non-renounceable entitlement offer of 52,160,003 shares at an issue price of $0.08 per share on the basis of 1 share for every 15 shares held. Each option has an exercise price of $0.12 and expire on 31 December 2018. On 4 May 2018, 5,826,678 listed options were granted to eligible shareholders who participated in the offer and on 8 May 2018, 20,253,393 listed options were granted to shareholders who participated in the allocation of shortfall shares (May 2018 Entitlement Options).
- On 8 May 2018, 2,000,000 listed options issued granted to the underwriter pursuant to the underwriting agreement for the non-renounceable entitlement offer of 52,160,003 shares at an issue price of $0.08 per share on the basis of 1 share for every 15 shares held. Each option has an exercise price of $0.12 and expire on 31 December 2018 (May 2018 Underwriter Options).
- On 26 October, 30 October and 31 October 2018, listed options were issued to eligible shareholders on the basis of one attaching option for every one shares issued as part of a non-renounceable entitlement offer of 61,373,756 shares at an issue price of $0.047 per share on the basis of 1 share for every 14 shares held. Each option has an exercise price of $0.10 and expire on 30 September 2020. On 26 October 2018, 29,826,305 listed options were granted to eligible shareholders who participated in the offer and on the 30 October and 31 October 2018, 30,550,413 listed options were granted to shareholders who participated in the allocation of shortfall shares (October 2018 Entitlement Options).
- On 30 October 2018, 10,000,000 listed options issued granted to the underwriter pursuant to the underwriting agreement for the non-renounceable entitlement offer of 61,373,756 shares at an issue price of $0.047 per share on the basis of 1 share for every 14 shares held. Each option has an exercise price of $0.10 and expire on 30 September 2020 (October 2018 Underwriter Options).

The fair value of the options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following tables list the inputs to the model used for the year ended 31 December 2018.

| | **Minority Options** | **Consultant Options** | **Placement Options** | **May 2018 Entitlement Options** | **May 2018 Underwriter Options** |
|---|---|---|---|---|---|
| Number of listed options | 10,000,000 | 2,000,000 | 6,250,000 | 26,080,071 | 2,000,000 |
| Grant date | 27 Feb 2018 | 27 Feb 2018 | 23 Mar 2018 | 4 May and 8 May 2018 | 8 May 2018 |
| Expiry date | 30 Nov 2018 | 30 Nov 2018 | 31 Dec 2018 | 31 Dec 2018 | 31 Dec 2018 |
| Share price at grant date | $0.095 | $0.095 | $0.078 | $0.069 and $0.071 | $0.071 |
| Fair value of listed option | $0.0213 | $0.0213 | $0.0111 | $0.0064 and $0.0069 | $0.0069 |
| Expected volatility | 80% | 80% | 80% | 80% | 80% |
| Risk-free interest rate | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| **Valuation** | **$213,355** | **$42,671** | **$69,658** | **$177,539** | **$13,832** |

| | October 2018 Entitlement Options | October 2018 Underwriter Options |
|---|---|---|
| Number of listed options | 60,376,718 | 10,000,000 |
| Grant date | 26 Oct, 30 Oct and 31 Oct 2018 | 30 Oct 2018 |
| Expiry date | 30 Sep 2020 | 30 Sep 2020 |
| Share price at grant date | $0.043 and $0.044 | $0.043 |
| Fair value of listed option | $0.0030 and $0.0033 | $0.0030 |
| Expected volatility | 53% | 53% |
| Risk-free interest rate | 1.95% | 1.95% |
| **Valuation** | **$191,805** | **$30,465** |

### e. Unlisted Options issued during 2018

On 9 January 2018, Shareholders at a general meeting passed resolutions to issue unlisted options to non-executive directors (or their nominees) as follows: Xingmin (Max) Ji, 3,000,000 unlisted options, Patrick Burke, 2,500,000 unlisted options; Guanghui (Michael) Ji, 2,000,000 unlisted options; Paula Ferreira, 2,000,000 unlisted options. The options were issued for no consideration have an exercise price of $0.11, a vesting date of 9 January 2019 and an expiry date of 9 January 2020.

The fair value of the unlisted options granted are valued on the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the performance rights were granted.

The following table lists the inputs to the model used for the year ended 31 December 2018.

| | Unlisted Options |
|---|---|
| Number of unlisted options | 9,500,000 |
| Grant date | 11 January 2018 |
| Expiry date | 9 January 2020 |
| Share price at grant date | $0.10 |
| Fair value of unlisted option | $0.0409 |
| Expected volatility | 80% |
| Risk-free interest rate | 1.50% |
| **Valuation** | **$388,738** |

### f. Performance rights

The following table details the number and movements of performance rights issued as employment incentives during the year.

| | 2018 Number | 2017 Number |
|---|---|---|
| Outstanding at the beginning of the year | 20,000,000 | 14,500,000 |
| Converted during the year | (8,500,000) | - |
| Granted during the year | - | 5,500,000 |
| Expired during the year | (2,500,000) | - |
| **Outstanding at the end of the year** | **9,000,000** | **20,000,000** |

On 2 December 2016, 12 million performance rights were issued to Peter Canterbury in accordance with the terms and conditions approved by the shareholders at the annual general meeting held on 2 December 2016. The performance rights upon vesting, entitle the holder to acquire one fully paid ordinary share for nil consideration.

The performance rights are subject to the following vesting conditions:

- 6,000,000 performance rights to vest upon completion of a DFS and decision to mine and execution of offtake agreements for at least 50% of the production of Ancuabe before 2 March 2019.
- 6,000,000 performance rights to vest upon commencing mining and processing of first ore by 2 December 2019.

The fair value of the performance rights granted are valued on the date of grant using a model taking into account the terms and conditions upon which the performance rights were granted.

On 12 December 2016 and 9 January 2017, 5,500,000 performance rights were granted to personnel of the Company. The performance rights upon vesting, entitle the holder to acquire one fully paid ordinary share for nil consideration.

The performance rights are subject to the following vesting conditions:

- 500,000 performance rights to vest upon completion of a Pre-Feasibility Study (PFS) or the decision of the Board to convert the PFS into a full Definitive Feasibility Study (DFS) prior to 31 December 2017. This vesting condition was met in December 2017 and the performance rights were converted in January 2018.
- 500,000 performance rights to vest upon completion of the DFS by 31 December 2018. This vesting condition was met in December 2017 and the performance rights were converted in January 2018.
- 1,500,000 performance rights to vest upon completion of a DFS and decision to mine and execution of offtake agreements for at least 50% of the production of Ancuabe before 2 March 2019. These vesting conditions were met in FY2018 and the performance rights were converted in October 2018.
- 1,500,000 performance rights to vest upon a Board resolution to proceed to fund and construct the project by 31 March 2019. This vesting condition has not been met.
- 1,500,000 performance rights to vest upon commencing mining and processing of first ore by 2 December 2019. This vesting condition has not been met.

The fair value of the performance rights granted are valued on the date of grant using a model taking into account the terms and conditions upon which the performance rights were granted.

During the year $215,820 (2017: $441,717) was recognised as a share-based payment in relation to the performance rights.

During the financial year to 31 December 2018, 2,500,000 performance rights granted on 22 October 2015 expired without being converted to ordinary shares.

## NOTE: 18. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES WITH LOSS AFTER INCOME TAX

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Loss after income tax | (4,029,587) | (3,417,506) |
| **Adjustments to add/(deduct) non-cash items:** | | |
| Net loss on disposal of fixed assets | 18,175 | - |
| Depreciation | 34,894 | 32,796 |
| Share based payments expense | 860,583 | 441,717 |
| Exploration and evaluation expenditure written down | 22,197 | 143,841 |
| Loss on foreign exchange | 84,280 | 95,527 |
| Less: interest income relating to investing activities | (27,709) | (49,554) |
| Changes in assets and liabilities: | | |
| (Decrease)/Increase in payables and provisions | (293,854) | 419,314 |
| Movements in Creditors Trust | (30,000) | 1,209,034 |
| **Cash Flow from Operating Activities** | **(3,361,021)** | **(1,124,831)** |

There were no non-cash investing or financing activities in 2018 (2017: nil).

## NOTE: 19. RELATED PARTY TRANSACTIONS

### a. Loans and investments in subsidiaries

Loans are made by the parent entity to wholly owned subsidiaries to fund exploration activities. Loans outstanding between the Company and its subsidiaries are non-interest bearing, unsecured, and are repayable upon notice having regard to the financial stability of the Company. The Company made the following provisions for non-recoverability of these loans and investments:

| | 2018 | 2017 |
|---|---|---|
| | $ | |
| Investments in subsidiaries | 3,220 | 3,220 |
| Provision for loss on investments | (100) | (100) |
| **Net recoverable investment** | **3,120** | **3,120** |
| Loans to subsidiaries | 24,738,165 | 22,149,581 |
| Provision for loss on intercompany loans | (15,741,978) | (15,741,978) |
| **Net recoverable loan** | **8,996,187** | **6,407,603** |

The provisions for non-recovery of these loans and investments have been based on the subsidiaries' net asset positions, where applicable.

### b. Transactions with other related parties

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Legal and consulting services | 10,000 | 35,000 |
| | **10,000** | **35,000** |

During the year, Mr Patrick Burke, (Non-Executive Deputy Chairman) provided legal and consulting services to the Company.

## NOTE: 20. KEY MANAGEMENT PERSONNEL DISCLOSURES

### a. Directors

Names and positions held of parent entity Key Management Personnel in office at any time during the financial year are:

| Director | Role | Appointment |
|---|---|---|
| Xingmin (Max) Ji | Non-Executive Chairman | 22 July 2016 |
| Peter Canterbury | Managing Director | 3 October 2016 |
| Paula Ferreira | Non-Executive Director | 24 August 2015 |
| Patrick Burke | Non-Executive Deputy Chairman | 22 July 2016 |
| Guanghui (Michael) Ji | Non-Executive Director | 22 July 2016 |
| David Edwards | Chief Financial Officer and Company Secretary | 3 January 2017 |

### b. Key Management Personnel compensation

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Short term employee benefits | 865,000 | 864,135 |
| Incentives | 54,062 | 216,250 |
| Share-based payments | 631,774 | 352,502 |
| Post-employment benefits | 59,375 | 59,293 |
| Long-term benefits | 62,902 | 28,618 |
| Short term benefits | 6,344 | 10,454 |
| | **1,679,457** | **1,531,252** |

## c. Shareholdings of Key Management Personnel

| Name | 1 January 2018 | Purchased | Issued | 31 December 2018 |
|---|---|---|---|---|
| Xingmin (Max) Ji | - | 108,524 | - | 108,524 |
| Peter Canterbury | 337,500 | 391,071 | 6,000,000 | 6,728,571 |
| Ms Paula Ferreira | - | - | - | - |
| Patrick Burke | - | - | - | - |
| Guanghui (Michael) Ji | - | - | - | - |
| David Edwards | 140,625 | - | 1,500,000 | 1,640,625 |
| | **478,125** | **499,595** | **7,500,000** | **8,477,720** |

## d. Option holdings of Key Management Personnel

| Name | 1 January 2018 | Acquired | Granted | Expired | 31 December 2018 |
|---|---|---|---|---|---|
| Xingmin (Max) Ji | - | 7,235 | 3,000,000 | - | 3,007,235 |
| Peter Canterbury | 37,500 | 64,321 | - | (53,250) | 48,571 |
| Ms Paula Ferreira | - | - | 2,000,000 | - | 2,000,000 |
| Patrick Burke | - | - | 2,500,000 | - | 2,500,000 |
| Guanghui (Michael) Ji | - | - | 2,000,000 | - | 2,000,000 |
| David Edwards | 15,625 | - | - | (15,625) | - |
| | **53,125** | **71,556** | **9,500,000** | **(68,875)** | **9,555,806** |

On 9 January 2018, Shareholders at a general meeting passed resolutions to issue unlisted options to non-executive directors (or their nominees) as follows: Xingmin (Max) Ji, 3,000,000 unlisted options, Patrick Burke, 2,500,000 unlisted options; Guanghui (Michael) Ji, 2,000,000 unlisted options; Paula Ferreira, 2,000,000 unlisted options. The options issued for no consideration have an exercise price of $0.11, a vesting date of 9 January 2019 and an expiry date of 9 January 2020.

## e. Performance rights holdings of Key Management Personnel

| Name | 1 January 2018 | Vested | Lapsed | 31 December 2018 |
|---|---|---|---|---|
| Xingmin (Max) Ji | - | - | - | - |
| Peter Canterbury | 12,000,000 | (6,000,000) | - | 6,000,000 |
| Ms Paula Ferreira | 2,500,000 | - | (2,500,000) | - |
| Patrick Burke | - | - | - | - |
| Guanghui (Michael) Ji | - | - | - | - |
| David Edwards | 3,000,000 | (1,500,000) | - | 1,500,000 |
| | **17,500,000** | **(7,500,000)** | **(2,500,000)** | **7,500,000** |

## NOTE: 21. FINANCIAL RISK MANAGEMENT

### a. Accounting classifications and fair values

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term in nature and their carrying values equate to their fair values. Financial assets at fair value through other comprehensive income that comprise equity securities in listed entities are classified as level 1 in the fair value hierarchy and are carried at the quoted price of the equity securities at the period end date.

### b. Financial Risk Management Policies

Risk management has focused on limiting liabilities to a level which could be extinguished by sale of assets if necessary.

The Group's activities expose it to a variety of financial risks; market risk (including interest rate risk, equity price risk, commodity price risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is engaged in mineral exploration and evaluation and does not currently sell products and derives only limited revenue from interest earned.

Risk management is carried out by the Board and the Company has adopted a formal risk management policy.

### c. Market risk

#### *(i) Interest rate risk*

Exposure to interest rate risk arises on floating interest rates on term deposits of cash and cash equivalents only. The Group has no debt arrangements and interest rate risk is not material.

#### *(ii) Equity Price risk*

The Group is currently exposed to equity securities by way of shares held in listed companies.

The price risk for listed securities is immaterial in terms of the possible impact on profit or loss or total equity as a result of a 10% increase or decrease in the price of traded securities.

#### *(iii) Commodity Price risk*

The Group is not exposed to commodity price risk.

#### *(iv) Foreign currency risk*

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

With instruments being held by overseas operations, fluctuations in currencies may impact on the Group’s financial results. Since the Group has not yet commenced mining operations, the exposure is limited to short-term liabilities for expenses which are payable in foreign currencies. The Group limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly. The Board regularly reviews this exposure.

### d. Credit risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from bank balances and trade and other receivables. The objective of the Group is to minimise the risk of loss from credit risk. The Group's exposure to bad debt risk is insignificant.

### e. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

### f. Capital risk management

Refer to Note 10 of this financial report for details regarding the Group's capital risk management.

## NOTE: 22. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 21 February 2018, the Company announced it had entered into an agreement with the minority shareholder of Grafex under which the Company agreed to purchase the remaining minority interest. In addition, the Company entered into an agreement with the minority shareholder to vary certain rights attaching to the shares held by the minority interest. The cost of these transactions including transaction costs and a provision for capital gains tax that may arise on the transaction was $4,460,380.

On completion of the purchase, Triton's economic interest in Grafex increased from 80% to 100%. The acquisition completed in March 2018.

Immediately prior to these transactions, the carrying amount of the 20% non-controlling interest acquired was $1,413,923. The Group recognised a decrease in non-controlling interests of $1,413,923 and a decrease in equity attributable to the owners of the parent of $3,046,457.

The effect on the equity attributable to the owners of Triton during the half year is summarised as follows.

| | **2018**<br>**$** | **2017**<br>**$** |
|---|---|---|
| Carrying amount of non-controlling interests acquired | 1,413,923 | - |
| Consideration for non-controlling interests acquired | (2,549,125) | - |
| Consideration paid for agreement to vary certain rights attaching to shares acquired | (1,911,255) | - |
| **Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity** | **(3,046,457)** | - |

There were no transactions with non-controlling interests in 2017.

## NOTE: 23. PARENT ENTITY DISCLOSURES

### a. Financial Position of Triton Minerals Limited

| | | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **Current assets** | | | |
| Cash and cash equivalents | | 1,337,924 | 5,555,380 |
| Trade and other receivables | | 18,301 | 111,154 |
| Prepayments | | 116,828 | 78,097 |
| **Total current assets** | | **1,473,053** | **5,744,631** |
| **Non-current assets** | | | |
| Financial assets | | 72,222 | 44,444 |
| Prepayments | | 40,546 | 51,123 |
| Loans to subsidiaries | (b) | 8,996,187 | 6,407,603 |
| Investment in subsidiaries | (b) | 3,120 | 3,120 |
| Property, plant and equipment | | 26,491 | 43,335 |
| Exploration and evaluation assets | | 11,865,430 | 9,265,664 |
| Other Assets | | 50,808 | - |
| **Total non-current assets** | | **21,054,804** | **15,815,289** |
| **Total assets** | | **22,527,857** | **21,559,920** |
| **Current liabilities** | | | |
| Trade and other payables | | 509,903 | 1,115,834 |
| Provisions | | 93,014 | 47,464 |
| **Total current liabilities** | | **602,917** | **1,163,298** |
| **Non-current liabilities** | | | |
| Provisions | | 573,702 | 60,001 |
| **Total non-current liabilities** | | **573,702** | **60,001** |
| **Total liabilities** | | **1,176,619** | **1,223,299** |
| **Net assets** | | **21,351,238** | **20,336,621** |
| **Equity** | | | |
| Issued capital | | 87,019,826 | 79,096,870 |
| Reserves | | 5,255,822 | 8,372,319 |
| Accumulated losses | | (70,924,410) | (67,132,568) |
| **Total equity** | | **21,351,238** | **20,336,621** |

The reported value of the net assets of the Company exceed those of the Group by $790,972.

### b. Loans to Subsidiaries and Financial Assets

Loans are made by the parent entity to its wholly-owned subsidiaries to fund exploration activities. Loans outstanding between the Company and its subsidiaries are non-interest bearing, unsecured, and are repayable upon notice having regard to the financial stability of the Company.

Investments in subsidiaries are accounted for at cost.

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Loans to subsidiaries and associates | 24,738,165 | 22,149,581 |
| Provision for loss on intercompany loans | (15,741,978) | (15,741,978) |
| **Net loans to subsidiaries** | **8,996,187** | **6,407,603** |
| | | |
| Investments in subsidiaries and associates | 3,220 | 3,220 |
| Provision for loss on investments | (100) | (100) |
| **Financial assets** | **3,120** | **3,120** |

The provisions have been based on the subsidiaries' net asset positions and reflect the recoverability of the investments and/or loans.

### c. Financial Performance of Triton Minerals Ltd

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Loss for the year | (3,819,625) | (3,010,714) |
| Other comprehensive income | 27,778 | - |
| **Total Comprehensive Income** | **(3,791,847)** | **(3,010,714)** |

### d. Guarantees entered into by Triton Minerals Ltd for the debts of its subsidiaries

There were no guarantees entered into by Triton Minerals Ltd for the debts of its subsidiaries as at 31 December 2018 (2017: Nil).

### e. Commitments of Triton Minerals Ltd

The exploration expenditure commitments and operating lease commitments of the Group detailed in Note 15 are in the name of Triton Minerals Limited and its subsidiary Grafex Limitada.

## NOTE: 24. AUDITOR'S REMUNERATION

Details of the amounts paid to the auditor of the Group, Nexia Perth Audit Services Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out below.

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| **Audit and review of financial reports:** | | |
| PricewaterhouseCoopers | 59,686 | 57,310 |
| Nexia Perth Audit Services Pty Ltd | - | 12,688 |
| | | |
| **Other Services** | | |
| Audit of Grafex Limitada (Ernst and Young) | - | 7,550 |
| Accounting and taxation advice (PricewaterhouseCoopers) | 3,366 | - |

## NOTE: 25. EVENTS AFTER THE BALANCE SHEET DATE

On 12 December 2018, the company announced that it would undertake a fully underwritten placement to Eligible Optionholders of up to approximately 133,673,165 TONOD Options at an issue price of $0.0054 per TONOD Option to raise between approximately $533,165 and $721,835 before expenses. This placement of 133,673,165 TONOD Options to raise $721,835 before costs of the offer completed on 4 February 2019.

There were no other significant events after the balance sheet date.

# Directors' Declaration

In the opinion of the Directors of Triton Minerals Limited:

1. the consolidated financial statements and notes, and the Remuneration Report contained in the Directors' Report, are in accordance with the Corporations Act 2001, and:
    a) give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the year ended on that date;
    b) comply with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
    c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2018.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

______________________________

Peter Canterbury
Managing Director

Perth, 27 March 2019

# *Independent auditor's report*

To the members of Triton Minerals Limited

## *Report on the audit of the financial report*

### *Our opinion*

In our opinion:

The accompanying financial report of Triton Minerals Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended

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

#### ***What we have audited***

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2018
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

#### ***Independence***

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.



Liability limited by a scheme approved under Professional Standards Legislation.

## Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report, which indicates that the Group incurred a net loss of $4,029,587 during the year ended 31 December 2018 and a net cash outflow from operating and investing activities of $8,636,511. As a result, the Group is dependent on raising additional capital in the next 12 months to enable it to continue its normal business activities, including progression of its exploration and project development activities. These conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates. The Group is a graphite explorer with a development project in Mozambique.


### Materiality

- For the purpose of our audit we used overall Group materiality of $220,000, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group total assets, in our view, it is the benchmark against which the performance of the Group is most commonly measured whilst in exploration phase.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

## Audit Scope

- Our audit focused on where the consolidated entity's made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The accounting processes are structured around a Group finance function at its head office in Perth. We have performed our audit procedures primarily at the Group's Perth office.

## 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 for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter(s) described in the *Material uncertainty related to going concern* section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment assessment for capitalised exploration and evaluation assets***<br>*(Refer to note 7) $19,346,112*<br><br>As at 31 December 2018, the Group held capitalised exploration and evaluation assets of $19,346,112.<br><br>Judgement was required by the Group to assess whether there were indicators of impairment of the capitalised exploration and evaluation assets due to the need to make estimates about future events and circumstances, such as whether the mineral resources may be economically viable to mine in the future.<br><br>This was a key audit matter because of the size of the balance and the risk of impairment should the Group relinquish certain exploration or mining licences as it continues to assess future viability. | We performed the following audit procedures, amongst others:<br><br>• Evaluated the Group's assessment that there had been no indicators of impairment for its capitalised exploration and evaluation assets, including inquiries with management and directors to develop an understanding of the current status and future intentions for the Group's Ancuabe project.<br><br>• Tested whether the Group retained right of tenure for all of its exploration licence areas by obtaining licence status records maintained by the relevant government authority in Mozambique. For those licences under application or where a modification has been applied for, obtained the application.<br><br>• Considered the consistency of information provided with other available information, such as ASX releases made by the Company, the provisional environmental approval obtained for Ancuabe, results of graphite sample test work and management's assessment of the likely prospectively of material licence areas. |

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| | • Tested a sample of current year expenditure to source documents on exploration licence areas; and<br><br>• Obtained plans for future expenditure and compared these to contractual minimum licence expenditure requirements. |
| ***Estimate of foreign capital gains tax provision***<br>*(Refer to note 9) $513,701*<br><br>As at 31 December 2018, the Group recognised a provision of $513,701 in relation to capital gains tax that may be assessed on the acquisition of a 20% non-controlling interest in Grafex Limitada which completed in March 2018.<br><br>This was a key audit matter due to the judgement involved in estimating the likelihood and magnitude of the potential obligation and the magnitude of the provision made. | We performed the following audit procedures, amongst others:<br><br>• Enquired of management and directors to develop an understanding of the basis for the estimate.<br><br>• Evaluated the Group's assessment of the potential liability including the process by which it was estimated and tested the mathematical accuracy of the calculation.<br><br>• Compared the key assumptions, being the applicable tax rate, the cost base of the asset and the currency in which the liability is denominated, to relevant external data, such as the tax legislation, consideration paid and exchange rate on the date of the transaction and at the year end.<br><br>• Evaluated the adequacy of disclosures made in note 9, in light of the requirements of Australian Accounting Standards. |

## *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the directors for the financial report*

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

## *Report on the remuneration report*

### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 13 to 18 of the directors' report for the year ended 31 December 2018.

In our opinion, the remuneration report of Triton Minerals Limited for the year ended 31 December 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ben Gargett
Partner

Perth
27 March 2019

## 1. Top 20 Ordinary Shareholders at 20 March 2019

| | Shareholder | Securities | % Ordinary Shares |
|---|---|---|---|
| 1 | SHANDONG TIANYE MINING CO LTD | 152,860,500 | 16.49 |
| 2 | CITICORP NOMINEES PTY LTD | 112,879,311 | 12.18 |
| 3 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 49,744,025 | 5.37 |
| 4 | OZ CHINA MINING PTY LIMITED | 25,629,500 | 2.76 |
| 5 | NERO RESOURCE FUND PTY LTD | 15,077,416 | 1.63 |
| 6 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 12,993,181 | 1.40 |
| 7 | MR ANTOINE HALDEZOS | 11,730,209 | 1.27 |
| 8 | GOLDFIRE ENTERPRISES PTY LTD | 9,936,461 | 1.07 |
| 9 | MR CHRISTOPHER JOHN FONE | 8,200,000 | 0.88 |
| 10 | AJAVA HOLDINGS PTY LTD | 7,391,367 | 0.80 |
| 11 | BINBIN SHI <YELLOW STONE FAMILY A/C> | 6,382,979 | 0.69 |
| 12 | DOMAEVO PTY LTD | 6,090,682 | 0.66 |
| 13 | CANTLEY INVESTMENTS PTY LTD | 6,000,000 | 0.65 |
| 14 | NEWECONOMY COM AU NOMINEES PTY LIMITED | 5,706,421 | 0.62 |
| 15 | MR TONY ALLAN BROWN | 5,255,443 | 0.57 |
| 16 | MR PETER GRANT ADAMS + MRS SHERIDAN CECILIA ADAMS | 4,650,000 | 0.50 |
| 17 | RIVERVIEW CORPORATION PTY LTD | 4,604,114 | 0.50 |
| 18 | T & N ARGYRIDES INVESTMENTS PTY LTD | 4,262,006 | 0.46 |
| 19 | EAST GUILDFORD PTY LTD | 4,255,319 | 0.46 |
| 20 | MR RICHARD KONG + MS XIAOYAN ZHAO | 4,140,000 | 0.45 |
| | **Total** | **457,788,934** | **49.38** |

## 2. Shareholdings at 20 March 2019

| Range | Total Holders | Units | % Ordinary Shares |
|---|---|---|---|
| 1 - 1,000 | 285 | 47,812 | 0.01 |
| 1,001 - 5,000 | 641 | 1,930,400 | 0.21 |
| 5,001 - 10,000 | 561 | 4,516,542 | 0.49 |
| 10,001 - 100,000 | 1,798 | 68,354,871 | 7.37 |
| 100,001 Over | 870 | 852,288,299 | 91.92 |
| **Total** | **4,155** | **927,137,924** | **100.00** |

## 3. Names of Substantial Shareholders at 20 March 2019

| Name | Securities | % Ordinary Shares |
|---|---|---|
| Shandong Tianye Mining Co Ltd and Shandong Group Entities* | 178,490,000 | 19.25 |

* Including Oz China Mining Pty Limited

## 4. Holders of Non-Marketable Parcels of Ordinary Shares at 20 March 2019

| | Holders | Ordinary Shares |
|---|---|---|
| Minimum $500 parcel at $0.043 per share | 1,606 | 7,791,080 |

## 5. Voting Rights

Voting rights attached to ordinary shares are as follows:

1. each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;
2. on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
3. on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.

All other securities have no voting rights.

## 6. Top 20 Quoted Optionholders at 20 March 2019

| | Option Holders | Options | % Quoted Options |
|---|---|---|---|
| 1 | AJAVA HOLDINGS PTY LTD | 47,391,367 | 23.23 |
| 2 | KHAKI INVESTMENTS PTY LTD | 11,059,099 | 5.42 |
| 3 | DOMAEVO PTY LTD | 9,255,319 | 4.54 |
| 4 | MASTERMIND DEVELOPMENTS PTY LTD | 9,000,000 | 4.41 |
| 5 | SHANDONG TIANYE MINING CO LTD | 7,300,000 | 3.58 |
| 6 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 6,501,194 | 3.19 |
| 7 | MR ANTOINE HALDEZOS | 4,782,014 | 2.34 |
| 8 | RIVERVIEW CORPORATION PTY LTD | 3,500,000 | 1.72 |
| 9 | MRS MARIE HEMMINGS | 3,415,950 | 1.67 |
| 10 | MR ZORAN JUGOVIC | 3,076,313 | 1.51 |
| 11 | DR ROGER DOUGLAS PRYDE PATERSON | 3,000,000 | 1.47 |
| 12 | GOLDFIRE ENTERPRISES PTY LTD | 2,647,748 | 1.30 |
| 13 | MR COLIN KAPELERIS + MRS ANNA KAPELERIS | 2,500,000 | 1.23 |
| 14 | MR DAVID JAMES RUTHERFORD | 2,050,000 | 1.00 |
| 15 | MIDCORP PTY LTD | 2,045,358 | 1.00 |
| 16 | MR PETER GRANT ADAMS + MRS SHERIDAN CECILIA ADAMS | 2,000,000 | 0.98 |
| 17 | MR DEAN ANDREW KENT | 2,000,000 | 0.98 |
| 18 | DR DANIEL HAUSTEAD | 1,851,851 | 0.91 |
| 19 | MR SAMER ABDEEN + MRS DANA ABDULWAHAB | 1,682,435 | 0.82 |
| 20 | MR STEVEN JOHN DIGGERMAN | 1,590,358 | 0.78 |
| | **Total** | **126,649,006** | **62.07** |

## 7. Quoted Optionholders at 20 March 2019

| Range | Total Holders | Units | % Quoted Options |
|---|---|---|---|
| 1 - 1,000 | 57 | 29,198 | 0.01 |
| 1,001 - 5,000 | 80 | 208,057 | 0.10 |
| 5,001 - 10,000 | 63 | 466,962 | 0.23 |
| 10,001 - 100,000 | 133 | 5,944,383 | 2.91 |
| 100,001 Over | 168 | 197,401,283 | 96.75 |
| **Total** | **501** | **204,049,883** | **100.00** |

## 8. Holders of Non-Marketable Parcels of Quoted Options at 20 March 2019

| | Holders | Quoted Options |
|---|---|---|
| Minimum $500 parcel at $0.0080 per option | 294 | 3,336,703 |

## 9. Unquoted Options at 20 March 2019

| Class | Expiry Date | Exercise Price | Units | Number of Holders |
|---|---|---|---|---|
| Unquoted options | 9 January 2020 | $0.11 | 9,500,000 | 4 |

The option holders that hold 20% or more of the options in an unquoted class are as follows:

| Holder | Expiry Date | Exercise Price | Units |
|---|---|---|---|
| Xingmin (Max) Ji | 9 January 2020 | $0.11 | 3,000,000 |
| Patrick Burke | 9 January 2020 | $0.11 | 2,500,000 |
| Guanghui (Michael) Ji | 9 January 2020 | $0.11 | 2,000,000 |
| Paula Ferreira | 9 January 2020 | $0.11 | 2,000,000 |

## 10. Performance Rights at 20 March 2019

The Company has 9,000,000 performance rights on issue to four individuals. Details of holders with more than 20% of performance rights on issue and the terms of the performance rights are included in the directors' report.

## 11. Restricted Securities

At the date of this report there were no restricted securities.

## 12. On Market Buy-back

At the date of this report, there was no current on market buy back.

## 13. Tenement Schedule

As at 31 December 2018, the Group held an 100% economic interest in Grafex, the holder of the following interests in exploration tenements:

| Licence | Project | Prospect/ Deposit | Location | Status | Interest | Note |
|---|---|---|---|---|---|---|
| EL5966 | Balama Nth | Nicanda Hill | Mozambique | Granted | 100% | |
| EL5365 | Balama Nth | Cobra Plains | Mozambique | Granted | 100% | 1 |
| EL5304 | Balama Sth | - | Mozambique | Granted | 100% | |
| EL5380 | Ancuabe | T20 | Mozambique | Granted | 100% | 2 |
| EL5336 | Ancuabe | T12, T16 | Mozambique | Granted | 100% | 3 |
| EL5305 | Ancuabe | - | Mozambique | Granted | 100% | 4 |
| EL6357 | Ancuabe | T18, T19 | Mozambique | Relinquished | 100% | 5 |
| EL5934 | Ancuabe | T10, T11 | Mozambique | Approved - Pending grant | 100% | 6 |

Notes - All applications are pending a response from the Mozambique mining authority, INAMI.

1. Application to renew licence for a further two years submitted in September 2017.
2. Application to renew licence for a further two years submitted in August 2017. Application to modify and reduce the area submitted in November 2017.
3. Application to modify area submitted in September and further modifications submitted in November 2017. Application for a mining licence submitted in November 2017. New number assigned by INAMI: 9132C.
4. Application to modify area submitted in November 2017.
5. Addressed as a change to area in EL5336 submitted in November 2017 in which part of area of EL6357 was added to EL5336. Application for remaining area of EL6357 was relinquished in November 2017.
6. Application to modify area of EL5934 submitted in November 2017.

## 14. Mineral Reserves and Resources

The following information is relevant in relation to the Company's Mineral Resources and Ore Reserves as at 31 December 2018 and 31 December 2017.

### Ancuabe Graphite Project

#### Mineral Resource Estimate

Mineral Resource Estimate at 31 December 2018 and 31 December 2017.

**At 31 December 2018 and 31 December 2017**

| Deposit | Classification | Tonnes (Mt) | Grade: Total Graphitic Carbon (TGC) (%) | Contained Graphite ('000s t) |
|---|---|---|---|---|
| T12 | Indicated | 15.4 | 5.8 | 900 |
| T16 | | 15.7 | 7.9 | 1,250 |
| **T12 + T16** | **Indicated Total** | **31.1** | **6.9** | **2,150** |
| T12 | Inferred | 9.9 | 5.0 | 500 |
| T16 | | 5.1 | 7.9 | 400 |
| **T12 + T16** | **Inferred Total** | **15.0** | **6.0** | **890** |
| **T12 + T16** | **Indicated + Inferred** | **46.1** | **6.6** | **3,040** |

Note: The Mineral Resources were estimated within constraining wireframe solids defined above a nominal 3% TGC cut-off at T12 and a nominal 4% cut-off at T16. The Mineral Resources are reported from all blocks within these wireframe solids. Differences may occur due to rounding.

Abbreviations: Million Tonnes (Mt); Hundred thousand tonnes ('000s t).

#### Ore Reserve Estimate

**At 31 December 2018 and 31 December 2017**

| Deposit | Tonnes (Mt) | Grade TGC (%) | Contained Graphite ('000s t) |
|---|---|---|---|
| Proved | - | - | - |
| Probable | 24.9 | 6.2 | 1,544 |
| **Ore Reserves Total** | **24.9** | **6.2** | **1,544** |

Note: The Probable Ore Reserve estimate is based on Mineral Resources classified as Indicated. No Inferred Mineral Resources have been included in the Ore Reserve.

## Nicanda Hill

### Mineral Resource Estimate

### At 31 December 2018 and 31 December 2017

| Classification | Tonnes (Mt) | Grade TGC (%) | Contained Graphite ('000s t) |
|---|---|---|---|
| Indicated | 368.6 | 11.3 | 41.5 |
| Inferred | 1,061.6 | 11.1 | 117.3 |
| **Indicated + Inferred** | **1,430.1** | **11.1** | **158.9** |

Note: The Mineral Resource was estimated within constraining wireframe solids defined above a nominal 3% TGC cut-off. The Mineral Resource is reported from all blocks within these wireframe solids. Differences may occur due to rounding.

## Nicanda West

### Mineral Resource Estimate

### At 31 December 2018 and 31 December 2017

| Classification | Tonnes (Mt) | Grade TGC (%) | Contained Graphite ('000s t) |
|---|---|---|---|
| Indicated | - | - | - |
| Inferred | 30.0 | 6.6 | 1,968 |
| **Indicated + Inferred** | **30.0** | **6.6** | **1,968** |

Note: The Mineral Resource was estimated within constraining wireframe solids defined above a nominal 3% TGC cut-off. The Mineral Resource is reported from all blocks within these wireframe solids. Differences may occur due to rounding.

## 15. Competent Persons Statement

### Mineral Resource Estimate

The information in this report that relates to in situ Mineral Resources for Nicanda Hill, Nicanda West and Ancuabe T12 and T16 is based on and fairly represents information compiled by Mr. Grant Louw under the direction and supervision of Dr Andrew Scogings, who were both full-time employees of CSA Global Pty Ltd at the time of Mineral Resource estimation . Dr Scogings takes overall responsibility for the report. Dr Scogings is a Member of both the Australian Institute of Geoscientists (MAIG) and Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012). Dr Scogings consents to the inclusion of such information in this report in the form and context in which it appears.

### Ore Reserve

The information in this report that relates to Ore Reserves for the Ancuabe T12 and T16 Deposits is based on information compiled by Mr Daniel Grosso under the direction and supervision of Mr Karl van Olden, who is a full-time employee of CSA Global Pty Ltd. Mr van Olden takes overall responsibility for the Ore Reserve estimate. Mr van Olden is a Fellow of Australasian Institute of Mining and Metallurgy, and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves' (JORC Code 2012). Mr van Olden consents to the inclusion of such information in this report in the form and context in which it appears.