



ABN 33 124 792 132

**ANNUAL REPORT FOR THE YEAR ENDED
31 December 2018**

Corporate Directory

Board of Directors

Mr Murray McDonald

Ms Emma Gilbert

Mr Nathan Lude

Executive Director and Chairman

Executive Director

Non-Executive Director (appointed on 3 July 2018)

Company Secretary

Mr Frank Campagna

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Osborne Park, Western Australia 6017

Principal Office

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Osborne Park, Western Australia 6017

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Auditor

Stantons International Audit & Consulting Pty Ltd

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Share Registry

Advanced Share Registry Services Pty Ltd

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Stock Exchange Listing

ASX Ltd

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Perth, Western Australia 6000

ASX Code: GTR

Website

www.gtiresources.com.au

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Chairman's Report

GTI Resources Ltd (GTI) announced on the 19th March 2018 that the Company entered into a mandate with CPS Capital Group Pty Ltd (CPS).

A share placement following shareholder approval was completed on the 8th June 2018 raising \$956,675.00 with the issue of 55,676,470 fully paid ordinary GTI shares at 1.7 cents a share.

35,137,500 free attaching option exercisable at 3 cents each on or before 30th December 2021 (Options) was issued to subscribers of the placements on the basis of one option for every two shares applied for. (REF: ASX 19th March 2018).

This new funding has allowed GTI to review opportunities to advance the interests of all shareholders including the ongoing exploration activities on the Company's existing tenement portfolio.

The GTI MEEKA project hosts lithologies which are prospective for Volcanic Massive Sulphide (VMS) base metal mineralization. The project surrounds the Austin VMS deposit and includes a number of early stage VMS base metal targets identified by previous workers.

In July 2018 GTI was pleased to announce the appointment to the Board of Nathan Lude as a non-executive director. Nathan has broad experience in Asset and Fund Management, Mining and Energy Industry. Nathan is currently Executive Director of ASX listed Pura Vida Energy NL and is the founding Director of corporate firm Advantage management.

Yohanes Sucipto stepped down as a Director on the 3rd July 2018 and the board appreciated his expertise and loyalty to the Company.

GTI continue to hold preliminary discussions with interested parties relating to other mining opportunities. Shareholders will continue to be fully informed of progress of developments, as they pass the preliminary stage.



Murray McDonald
Executive Chairman

Perth, 26 March 2019

Operations Report

During the year in review capital raisings in the first half of the year (Refer Chairman's Report) provided funds to undertake further exploration at the Company's Meekatharra VMS Project, located 55km south of Meekatharra in Western Australia.

This work has included acquisition and reprocessing and interpretation of available geophysical data sets, which has resulted in the identification of potential new VMS target areas within the project, including areas to the east of the Defiance and 4E prospects. These target areas will be the focus for future on-ground exploration programs.

The Meekatharra VMS Project is underlain by a sequence of mafic and felsic volcanics, which host a number of VMS base metal prospects and deposits, within and adjacent to E51/1556, including the Austin VMS deposit, located within an excised licence in the southern-central part of the project area and the Murchison Wonder, Tasman and Flinders prospects to the northeast.

The Austin VMS deposit contains a reported mineral resource, comprising Measured, Indicated and Inferred categories of 1.48 Mt at 1.02% copper, 1.39% zinc, 3.51 g/t silver and 0.25 g/t gold, prepared in accordance with the JORC (2004) Code (see Silver Swan Group Ltd. ASX announcement 6/4/2010).

Exploration by earlier workers identified two VMS prospects within the Company's Meekatharra Project, the Defiance and 4E prospects, which have returned anomalous copper and zinc results, including 4m at 0.18% copper, 8m at 0.34% zinc and 10m at 0.23% copper, from first pass drilling completed during 2010 (see Emu Nickel NL. ASX announcement 13/10/2010). Exploration of these two prospects is at an early stage, with only three RC drill holes, to a maximum depth of 252m, having been completed.

The injection of new capital (Refer Chairman's Report) puts the Company in a position to review other opportunities, which will be reported to shareholders as they advance past the preliminary stage.

The Board continued discussion with interested parties relating to the acquisition of potential mining assets together with recapitalisation of the Company.

Corporate Governance Statement

INTRODUCTION

A description of the Company's main corporate governance practices is set out below. These practices, unless otherwise stated, were in place for the entire financial year. Copies of relevant corporate governance policies and charters are available in the corporate governance section of the Company's web-site at www.gtiresources.com.au.

Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances. GTI Resources Ltd is a junior exploration company which currently operates with limited executive personnel.

This Corporate Governance Statement is current as at 31 December 2018 and was approved by the Board on 26 March 2019.

BOARD OF DIRECTORS

The Board has the responsibility for protecting the rights and interests of shareholders and the enhancement of long-term shareholder value. The Board's primary role is to formulate the strategic direction of the Company and to oversee the Company's business activities and management. Day to day management of the Company's affairs and the implementation of corporate strategies are formally delegated by the Board to the Executive Chairman.

The Company has established functions reserved for the Board and those to be delegated to the Executive Chairman and senior management, as set out in the Board charter. The charter states that the Board is responsible for:

- the overall strategic direction and leadership of the Company;
- approving and monitoring management implementation of objectives and strategies;
- approving the annual strategic plan and monitoring the progress of both financial and non-financial performance;
- the corporate governance of the Company, and
- the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

The Board is responsible for the appointment and removal of the Company Secretary. The Board charter sets out that the company secretary is accountable to the Board on all matters relating to the proper functioning of the Board.

Board composition and independence

The Board charter states that the Board is to comprise an appropriate mix of both executive and non-executive directors and where possible, the roles of Chairman and Managing Director are not to be combined. Mr McDonald is currently the Executive Chairman and Chief Executive Officer of the Company. The Board believes that the current size of the Company and of the Board does not make a separation of the Chief Executive Officer's and Chairman's duties viable.

The Company has a three member Board comprising two executive directors, including the chairman and one non-executive director.

Murray McDonald	Executive/non-independent (appointed 5 April 2007, continuing)
Emma Gilbert	Executive/non-independent (appointed 15 June 2010, continuing)
Nathan Lude	Non-executive/ independent (appointed 3 July 2018, continuing)

Under present circumstances, there is not a majority of directors classified as independent, according to ASX guidelines. Mr McDonald and Ms Gilbert are not considered to be independent by virtue of either holding in excess of 5% ownership of the Company or holding an executive position with the Company. Mr Lude is an independent non-executive director based on the principles set out below

The Board has adopted ASX recommended principles in relation to the assessment of directors' independence, which identifies shareholdings, executive roles and contractual relationships which may affect independent status. The Board does not believe that length of service is a potential indicator that independence may have been compromised. Financial materiality thresholds used in the assessment of independence are set at 10% of the annual gross expenditure of the Company and/or 25% of the annual income or business turnover of the director.

Under present circumstances, there is not a majority of directors classified as being independent, according to ASX guidelines. Board members should possess complementary business disciplines and experience aligned with the Company's objectives, with a number of directors being independent and where appropriate, major shareholders being represented on the Board. Where any director has a material personal interest in a matter, the director must declare their interest and is not permitted to be present during discussions or to vote on the matter.

The Board believes that the current structure is the most appropriate for the Company having regard to its size, its current level of operations and its strategy of minimising operating costs. As the Company grows and/or circumstances change, the Board will consider further appointments of independent directors if appropriate. A Board skills matrix setting out the mix of skills and diversity that the Board aims to achieve will be progressively introduced as the size and level of activities of the Company expands in the future. Details of the experience, qualifications and term of office of directors are set out in the Directors' Report.

Having regard to the share ownership structure of the Company, it is considered appropriate by the Board that a major shareholder may be represented on the Board and if nominated, hold the position of Chairman. Such appointment would not be deemed to be independent under ASX guidelines. The Chairman is expected to bring independent thought and judgement to his role in all circumstances. Where matters arise in which there is a perceived conflict of interest, the Chairman must declare his interest and abstain from any consideration or voting on the relevant matter.

Each director has an agreement in writing with the Company, which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities. Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which shall not be unreasonably withheld.

Performance assessment

The Board has adopted a process for an annual self-assessment of its collective performance, the performance of individual directors and of Board committees. The Chairman meets with each non-executive director separately to discuss individual performance and the Board as a whole discusses and analyses its performance over the previous 12 months and examines ways in which the Board can better perform its duties. No formal assessment was undertaken during the year, however, the Chairman assesses the performance of the Board, individual directors and Board committees on an ongoing basis and undertakes informal appraisals with relevant directors.

The Board is responsible for the periodic review of the job description and performance of the Executive Chairman according to agreed performance parameters. The Executive Chairman is the subject of an informal evaluation against both individual performance and overall business measures. No formal assessment was undertaken during the year.

No formal process exists for the appraisal of other senior executives, as the size and management structure of the Company permits ongoing monitoring by the Executive Chairman and the Board of senior executive performance. No formal evaluation of senior executive performance was therefore undertaken during the year.

BOARD COMMITTEES

The Board has established a separate audit committee currently comprising the full Board. Mr McDonald, the Chair of the Audit Committee, is a qualified Certified Practising Accountant and has the relevant knowledge and experience to chair the Committee. Details of the qualifications of committee members and attendance at audit committee meetings are set out in the Directors' Report.

The audit committee operates in accordance with a written charter. The audit committee oversees accounting and reporting practices and is also responsible for:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- co-ordination and appraisal of the quality of the audits conducted by the external auditor;
- determination of the independence and effectiveness of the external auditor and assessment of whether non-audit services have the potential to impair auditor independence;
- reviewing the adequacy of the reporting and accounting controls of the Company.

The current size of the Board and the stage of development of the Company do not warrant the establishment of separate remuneration or nomination committees. The directors as a whole are responsible for the functions normally undertaken by these committees. In circumstances where the growth or complexity of the Company changes, the establishment of separate committees will be reconsidered.

The Board reviews all remuneration policies and practices for the Company, including overall strategies in relation to executive remuneration policies and compensation arrangements for any executive directors and senior management, as well as all equity based remuneration plans. The structure for the remuneration of non-executive directors and senior executives is separate and distinct. Details of the Company's remuneration policies are set out in the Remuneration Report section of the Directors' Report.

Board nomination procedures

The current size of the full Board permits it to act as the nomination committee and to regularly review membership. When a Board vacancy occurs, the Board identifies the particular skills, experience and expertise that will best complement Board effectiveness and then undertakes a selection process to identify candidates who can meet those criteria.

Prior to a candidate being considered for appointment as a director of the Company, appropriate enquiries are made as to the person's character, experience, education, criminal record and bankruptcy history. Shareholders are provided with relevant information on any directors standing for re-election at a general meeting of the Company, including relevant qualifications and experience.

New directors are provided with an induction including comprehensive briefings with the Chairman and senior executives, visits to operating sites and provision of information on the Company including Company and Board policies and other relevant documents.

All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake professional development programmes to develop and maintain the skills and knowledge needed to perform their role as directors of the Company.

CORPORATE REPORTING

The Executive Chairman and Chief Financial Officer provide a declaration to the Board that the Company's external financial reports present a true and fair view of the Company's financial condition and operational results and that the declaration in relation to the integrity of the Company's external financial reports is founded on sound risk management and internal control systems and that those systems are operating effectively in relation to financial reporting risks.

The external auditors provide an annual declaration of their independence to the Board.

RISK MANAGEMENT

The Company does not have a separate internal audit function as the Board believes that existing internal controls and management systems provide sufficient assurance that the Company's risk management, governance and internal control processes are operating effectively. Operational, financial, legal, compliance and strategic risks are managed as part of the day-to-day management of the Company's affairs with the support of relevant external professional advisers as required.

No separate risk committee has been established. The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Executive Chairman having ultimate responsibility to the Board for the risk management and control framework. The Executive Chairman reports to the Board as required on the material business risks of the Company.

The Company's risk management systems are evolving and it is recognised that the extent of the systems will develop with the growth in the Company's activities. Internal controls are designed to manage both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non-financial information.

As the Board currently has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively.

The Company undertakes mineral exploration activities and recognises that there are inherent risks in conducting its business operations. Material risks associated with economic, environmental and social sustainability include operational risks, occupational, health and safety, community and environmental risks, mineral resource estimates, metal prices and exchange rate fluctuations, financing and working capital requirements, compliance and regulatory risks.

Some of these risks are beyond the Company's direct control and require risk mitigation strategies whilst other risks are directly within the control of the Company and are managed through operational and management procedures.

CODE OF CONDUCT

A formal code of conduct has been established and applies to all directors and employees, to guide compliance with the legitimate interests of all stakeholders. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company's share trading policy prohibits the purchase or disposal of securities by directors, senior executives and other designated persons in the period of one week prior to the release of quarterly reports and the Company's annual and half-year financial results. Any proposed transactions to be undertaken must be notified to the Chairman or Company Secretary in advance.

Where the Company grants securities under an equity based remuneration scheme, participants are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under the scheme.

EMPLOYMENT DIVERSITY

The Board recognises the benefits of achieving an appropriate mix of diversity on its Board and throughout the Company as a means of enhancing the Company's performance and organisational capabilities. However, due to the current size and stage of development and limited number of personnel employed by the Company, the Board has elected not to establish a formal diversity policy at this stage.

The Company aims to achieve an appropriate mix of diversity on its Board, in senior management and throughout the organisation. The Board has determined that no specific measurable objectives will be established until such time as the number of employees and level of activities of the Company increases to a level sufficient to enable meaningful and achievable objectives to be developed.

The appropriate mix of skills and diversity for membership of the Board is considered as part of ongoing nomination and succession planning and which recognises the value of balanced gender representation.

The Board comprises three directors, two of whom are male and one is female. The Company Secretary is a male. There are no other officers or employees of the Company.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Chairman and Company Secretary have been nominated as the Company's primary disclosure officers. Material information is lodged immediately with the ASX and then disseminated by posting on the Company's web-site.

The Board has adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings. The Company and the share registry offer mechanisms for electronic communication by shareholders. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

All shareholders are entitled to elect to receive a printed copy of the Company's annual report. In addition, all market announcements, media briefings, details of shareholders' meetings, press releases and financial reports are made available on the Company's web-site.

Directors' Report

The Directors of GTI Resources Ltd submit herewith the annual financial report of the Company for the financial year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names and particulars of the Directors of the Company during or since the end of the financial year and up to the date of this report are:

Mr Murray McDonald	Executive Director and Chairman
Mr Yohanes Sucipto	Non-Executive Director (resigned on 3 July 2018)
Ms Emma Gilbert	Executive Director
Mr Nathan Lude	Non-Executive Director (appointed on 3 July 2018)

Information on Directors

Murray McDonald
Executive Chairman ***Appointed 5 April 2007***

In 1995 Mr McDonald floated Legend Mining Limited leaving the Company to advance other interests and the listing of GTI Resources in 2007.

Mr McDonald has broad management and operating expertise ranging from the acquisition of large mining operations, joint venture negotiations, tenement acquisition, regulatory approvals to resource funding and implementation.

Mr McDonald is a Member of the Australasian Institute of Mining & Metallurgy, the Financial Services Institute of Australasia and is a Certified Practising Accountant.

During the past four (4) years Mr McDonald has not held directorships in any other listed company.

Yohanes Sucipto
Non-Executive Director ***Appointed 8 August 2012 (Resigned 3 July 2018)***

Mr Sucipto has been involved in the mining industry for the last 8 years, together with experience in senior management positions including CEO for various companies for over 16 years.

Mr Sucipto has developed excellent business connections with senior business leaders and large corporations in China, Philippines, Hong Kong and Indonesia.

Mr Sucipto stepped down as a Non-executive Director on the 3rd July 2018 and the board appreciated his expertise and loyalty to the Company.

During the past three (3) years Mr Sucipto has not held directorships in any other listed company.

Emma Gilbert
Executive Director ***Appointed 15 June 2010***

For the past 16 years Ms Gilbert has been involved in the mining industry, having acquired extensive experience in accounting and management ranging from joint venture negotiations, company secretarial services and overseeing financial activities.

Ms Gilbert has served in an accounting and administration role which has included liaison with the Australian Securities Exchange (ASX), Company auditors, various financial institutions and government departments. She has extensive experience in development and management of mine accounting and financial control systems, including large overseas gold mining operations and the Gidgee Gold mine.

In 2007 Ms Gilbert rejoined Mr McDonald to list GTI Resources Ltd on the Australian Securities Exchange, a company fully underwritten on listing raising \$4 million.

During the past four (4) years Ms Gilbert has not held directorships in any other listed company.

Nathan Lude *Appointed 3 July 2018*
Non-Executive Director

During the year, GTI was pleased to announce the appointment to the Board of Nathan Lude as a non-executive director of the Company with effect from 3 July 2018. Nathan has broad experience in Asset and Fund Management, Mining and the Energy Industry. Nathan is currently Executive Director of ASX listed Pura Vida Energy NL and Roto-Gro Limited.

Company Secretary

Frank Campagna *B.Bus (Acc), CPA*
Company Secretary *Appointed 15 June 2010*

Mr Campagna was appointed Company Secretary of GTI Resources on 15 June 2010. Mr Campagna is a Certified Practising Accountant with over 25-year experience as Company Secretary, Chief Financial Officer and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

Directors' Shareholdings

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

Directors	Shares At 31 December 2017	Shares Acquired On And Off Market During The Year and to date of this report	Total
Murray McDonald	11,250,001	10,000,000	21,250,001
Yohanes Sucipto	4,600,000*	-	4,600,000*
Emma Gilbert	-	-	-
Nathan Lude	-	-	-

*On resignation

Directors	Options At 31 December 2018	Total
Murray McDonald	26,000,000	26,000,000
Yohanes Sucipto	-	-
Emma Gilbert	-	-
Nathan Lude	-	-

Remuneration of Directors and Senior Management

Information about the remuneration of Directors and senior management is set out in the remuneration report of this Directors' Report.

Share Options Granted to Directors and Senior Management

During and since the end of the financial year, 10,000,000 ordinary shares and no options were issued to Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the 10,000,000 shares due from the Company with effect from 19 March 2018.

Principal Activities

The principal activity of GTI Resources Ltd is the exploration and evaluation of mineral and energy resources. There was no significant change in the nature of this activity during the year.

Review of Operations

A review of the Company's exploration projects and activities during the year are discussed in the Operations Report included in this Annual Report.

The profit of the Company after income tax for the year was \$158,111 (2017: \$1,232,388 - loss).

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the Company other than referred to in the financial statements or notes thereto.

Subsequent Events

No other material subsequent events have occurred between 1 January 2019 and the date of this report.

Future Developments

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation. The Board believes that the Company has adequate systems in place for the management of its environmental regulations and is not aware of any breach of those environmental requirements as they apply to the Company.

Dividends

No amounts were paid or declared by way of dividend by the Company. The Directors do not recommend payment of a dividend in respect of the financial year ended 31 December 2018.

Share Options

Shares under option or issued on exercise of options

At the date of this report, there were 85,137,500 unissued ordinary shares of GTI Resources Ltd under option.

Shares issued on the exercise of options

No shares or interests were issued during the financial year or up to the date of this report as a result of the exercise of any options.

Share options that expired/lapsed during the year

No options expired or lapsed during the financial year or up to the date of this report.

Indemnification of Officers and Auditors

The Company has entered into Deeds of Insurance, Indemnity and Access with each of the Directors under which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors while acting as Director of the Company, to insure the Directors against certain risks to which the Directors are exposed to as a Director of the Company.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' Meetings

The following table sets out the number of formal Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year, six Board meetings were held.

Directors	Board of Directors	
	Entitled to attend	Attended
Murray McDonald	6	6
Emma Gilbert	3	3
Nathan Lude	3	3
Yohanes Sucipto	-	-

Proceedings on Behalf of the Company

No persons have applied for leave pursuant to Section 237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of GTI Resources Ltd.

Non-Audit Services

There were no non-audit services performed during the year by the auditors (or by another person or firm on the auditor's behalf).

Remuneration Report (audited)

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of GTI Resources Ltd's key management personnel for the financial year ended 31 December 2018. Disclosures required under AASB 124 *Related Party Disclosures* have been transferred from the financial report and have been audited.

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel details;
- remuneration policy and relationship between the remuneration policy and Company performance;
- remuneration of key management personnel; and
- key terms of employment contracts.

Key management personnel details

The key management personnel of GTI Resources Ltd during the year or since the end of the year were:

- Murray McDonald Executive Director and Chairman
- Emma Gilbert Executive Director
- Yohanes Sucipto Non-Executive Director
- Nathan Lude Non-Executive Director

Remuneration policy and relationship between the remuneration policy and Company performance

The Board policy for determining emoluments is based on the principle of remunerating Directors and senior executives on their ability to add value to the Company (taking into account the Company's strategic plan and operations) whilst also considering market emolument packages for similar positions within the industry and in consultation with external consultants. The Board appreciates the interrelationship between this policy and Company performance. It acknowledges that it is in the best interests of shareholders to provide challenging but achievable incentives to reward senior executives for reaching the Company's stated goals. The Board will discuss these issues internally and with candidates prior to engaging additional Directors or senior executives in the future.

Key management personnel (excluding non-executive Directors)

The Board is responsible for establishing remuneration packages applicable to the Board members of the Company. The policy adopted by the Board is to ensure that remuneration properly reflects an individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest calibre.

Directors' remuneration packages are also assessed in the light of the condition of markets within which the Company operates, the Company's financial condition and the individual's contribution to the achievement of corporate objectives.

The remuneration policy for executive Directors and other key management personnel has the following key elements:

- Primary benefits (being salary, fees, bonus and non monetary benefits)
- Post-employment benefits (being superannuation)
- Equity (being share options granted)
- Other benefits

No remuneration has been provided that is performance related.

Non-executive Directors

The fees paid to the Company's non-executive Directors reflect the demands on, and responsibilities of these Directors. They do not currently receive any superannuation or retirement benefits. The Board decides annually the level of fees to be paid to non-executive Directors with reference to market standards.

Non executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options are primarily designed to provide an incentive to non-executive Directors to remain with the Company.

A non-executive Directors' fee pool limit of \$200,000 per annum was approved by the shareholders at the Annual General Meeting on 26 May 2008 and is currently utilised to a level of \$42,000 per annum, plus the remuneration paid accordingly to managing financial and administration activities.

Remuneration of key management personnel

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total	% of compensation consists of options
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation		Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
2018									
<u>Directors</u>									
Murray McDonald (i)	177,083	-	-	4,613	17,708	-	-	199,404	-
Emma Gilbert (ii)	39,537	-	-	2,880	4,046	-	-	46,463	-
Yohanes Sucipto	-	-	-	-	-	-	-	-	-
Nathan Lude (iii)	12,000	-	-	-	1,140	-	-	13,140	-
<u>Company Secretary</u>									
Frank Campagna (iv)	-	-	-	10,080	-	-	-	10,080	-
	228,620	-	-	17,573	22,894	-	-	269,087	-
2017									
<u>Directors</u>									
Murray McDonald (i)	250,000	-	-	26,024	25,000	-	287,643	588,667	-
Emma Gilbert (ii)	31,004	-	-	6,874	2,945	-	-	40,823	-
Yohanes Sucipto	-	-	-	-	-	-	-	-	-
<u>Company Secretary</u>									
Frank Campagna (iv)	-	-	-	8,160	-	-	-	8,160	-
	281,004	-	-	41,058	27,945	-	287,643	637,650	-

- i) Mr McDonald was also entitled to annual leave not taken at 31 December 2018: \$4,613 (2017: \$128,445). The amount has been disclosed under the column other. The annual leave provision from prior year was settled through the issue of shares to Mr McDonald.
- ii) Ms Gilbert was also entitled to annual leave not taken at 31 December 2018: \$31,749 (2017: \$28,869). The movement has been disclosed under the column other.

- iii) Mr Lude has no annual leave accruals as per his service agreement with the company.
- iv) The services of Frank Campagna were provided by Frank Campagna and Associates a Corporate consulting firm of which Mr Campagna is a Principal.

Fully paid ordinary share of GTI Resources Ltd

	Balance at 1 January No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at 31 December No.
2018					
Murray McDonald	11,250,001	-	-	10,000,000	21,250,001
Yohanes Sucipto	4,600,000*	-	-	-	4,600,000*
	<u>15,850,001</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>25,850,001</u>
2017					
Murray McDonald	11,250,001	-	-	-	11,250,001
Yohanes Sucipto	4,600,000	-	-	-	4,600,000
	<u>15,850,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,850,001</u>

*On resignation

*Ms Emma Gilbert does not hold any shares or options in the company.

Options of GTI Resources Ltd

Directors	Options At 31 December 2018	Total
Murray McDonald	26,000,000	26,000,000
Yohanes Sucipto	-	-

Directors	Options At 31 December 2017	Total
Murray McDonald	26,000,000	26,000,000
Yohanes Sucipto	-	-

Key terms of employment contracts

Remuneration and other terms of employment for Directors and key management personnel.

Mr Murray McDonald

The Executive Chairman, Mr Murray McDonald, renewed his service agreement in March 2018 and September 2018. In terms of the current service agreement, Mr McDonald is entitled to a salary of \$120,000 per annum, plus 10% superannuation.

During the year, his salary and superannuation was partly paid by cash of \$138,459 and \$56,332 was accrued as at 31 December 2018. Mr McDonald has also advanced to the Company unsecured loan funds of \$3,638 as at 31 December 2018.

The agreement may be terminated by the Company if Mr McDonald has an illness that prevents him from working in excess of three months in any twelve month period or in the event of serious misconduct. If the Company terminates the agreement (other than for serious misconduct) or Mr McDonald is voted off the Board (in which case the employment of Mr McDonald is deemed to be terminated), Mr McDonald is entitled to be paid his full salary and entitlements for the then unexpired period of the agreement and for any unexpired option period (but in any event limited to 1 (one) year's salary and entitlements). The limit on termination benefits under the agreement was varied during the prior limiting the entitlement to a maximum of one year to meet the new legislative requirements restricting termination benefits.

Ms Emma Gilbert

Ms Gilbert has been employed with the company from 1st June 2007 managing financial and administration activities. On 15th June 2010 Ms Gilbert was appointed Executive Director. During the year, her director fees and

superannuation was partly paid by cash of \$14,783 and \$4,927 was accrued as at 31 December 2018. Ms Gilbert also received \$28,511 director fees and superannuation paid by cash for managing financial and administration activities.

Due to the company situation, Ms Gilbert is entitled to a director fees of \$18,000 per annum, plus 9.5% superannuation, effectively from 1 January 2018.

Mr Nathan Lude

Mr Lude was appointed Non-executive Director for the company on 3 July 2018. In terms of the service agreement, he is entitled to a salary of \$24,000 per annum, plus 9.5% superannuation.

During the year, his director fees and superannuation was partly paid by cash of \$12,950 and \$190 was accrued as at 31 December 2018.

Signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



Murray McDonald
Executive Chairman

Perth, 26 March 2019

26 March 2019

Board of Directors
GTI Resources Limited
7/24 Walters Drive
Osborne Park WA 6017

Dear Directors

RE: GTI RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of GTI Resources Limited.

As Audit Director for the audit of the financial statements of GTI Resources Limited for the year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GTI RESOURCES LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of GTI Resources Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

Without modifying our opinion expressed above, attention is drawn to the following matter.

As referred to in Note 1 to the financial statements, the consolidated financial statements have been prepared on a going concern basis. At 31 December 2018, the Company had cash and cash equivalents of \$440,930 and generated a profit after income tax of \$158,111 after a gain on settlement of liabilities of \$686,648. The Company had net operating outflows totalling \$421,637.

The ability of the Company to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Company raising further working capital and/or successfully exploiting its mineral assets. In the event that the Company is not successful in raising further equity or successfully exploiting its mineral assets, the Company may not be able to meet its liabilities as and when they fall due and the realisable value of the Company's current and non-current assets may be significantly less than book values.

Key Audit Matters

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

We have determined there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 31 December 2018. 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.

Opinion on the Remuneration Report

In our opinion the Remuneration Report of GTI Resources Limited for the year ended 31 December 2018 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
26 March 2019

Directors' Declaration

The Directors declare that:

- (a) 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;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 31 December 2018 and performance of the Company for the financial year ended on that date;
- (c) the financial statements and notes also comply with International Financial Reporting standards as disclosed in note 2; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the financial year ended 31 December 2018.

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

On behalf of the Directors



Murray McDonald
Executive Chairman

Perth, 26 March 2019

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Revenue and Other Income	5	686,648	45,355
Employee benefits expense		(289,453)	(341,847)
Exploration expenditure expensed as incurred and impairment		(67,585)	(183,880)
Project generation expenditure		-	-
Corporate expenses		(91,656)	(89,998)
Occupancy expenses		-	-
Administration expenses		(79,673)	(108,808)
Share based payments		-	(553,160)
Impairment of available for sale assets	11	(170)	(50)
Profit/(Loss) before income tax expense	6	158,111	(1,232,388)
Income tax expense	7	-	-
Profit/(Loss) for the year		158,111	(1,232,388)
Other comprehensive income/(loss)			
Items that will be reclassified to profit or loss			
Transfer to profit or loss on impairment	15	-	-
Net change in fair value of available for sale financial assets		-	-
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive profit/(loss) for the year		158,111	(1,232,388)
Profit/(Loss) attributable to members of GTI Resources Ltd		158,111	(1,232,388)
Total comprehensive profit/(loss) attributable to members of GTI Resources Ltd		158,111	(1,232,388)
Earnings/(Loss) per share:			
Basic and diluted (cents per share)	16	0.12	(1.40)

Notes to the financial statements are included on pages 24 to 42

Statement of Financial Position as at 31 December 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	19(a)	440,930	5,788
Trade and other receivables	8	6,587	3,925
Total current assets		447,517	9,713
Non-current assets			
Plant and equipment	9	996	1,306
Exploration and evaluation expenditure	10	-	-
Other financial assets	11	281	451
Total non-current assets		1,277	1,757
Total assets		448,794	11,470
Current liabilities			
Trade payables	12	28,717	12,149
Directors' entitlements	12	64,205	676,084
Director's unsecured loan	12	3,638	103,638
Provisions	13	51,542	203,797
Total current liabilities		148,102	995,668
Total liabilities		148,102	995,668
Net Assets / (Liabilities)		300,692	(984,198)
Equity			
Issued capital	14	7,367,871	6,241,092
Reserves	15	763,196	763,196
Accumulated losses		(7,830,375)	(7,988,486)
Total Equity / (Deficiency)		300,692	(984,198)

Notes to the financial statements are included on pages 24 to 42

Statement of Changes in Equity for the Financial Year Ended 31 December 2018

	Attributable to equity holder					Total equity \$
	Ordinary shares \$	Shares to be issued \$	Equity-settled share based payment reserve \$	Investment revaluation reserve \$	Accumulated losses \$	
	\$	\$	\$	\$	\$	
Balance at 1 January 2017	5,773,592	-	210,036	-	(6,756,098)	(772,470)
Loss for the year	-	-	-	-	(1,232,388)	(1,232,388)
Transactions with owners, in their capacity as owners and other transfers						
Ordinary shares issued during the year	472,000	-	-	-	-	472,000
Option issued	-	-	553,160	-	-	553,160
Capital raising costs	(4,500)	-	-	-	-	(4,500)
Other comprehensive income						
Net change in fair value of available for sale financial assets	-	-	-	4,925	-	4,925
Transfer to profit and loss on impairment	-	-	-	(4,925)	-	(4,925)
Total	467,500	-	553,160	-	(1,232,388)	(211,728)
Balance at 31 December 2017	6,241,092	-	763,196	-	(7,988,486)	(984,198)

Notes to the financial statements are included on pages 24 to 42

Statement of Changes in Equity for the Financial Year Ended 31 December 2018 (cont'd)

	Attributable to equity holder					Total equity \$
	Ordinary shares \$	Shares to be issued \$	Equity-settled share based payment reserve \$	Investment revaluation reserve \$	Accumulated losses \$	
	\$	\$	\$	\$	\$	
Balance at 1 January 2018	6,241,092	-	763,196	-	(7,988,486)	(984,198)
Profit for the year	-	-	-	-	158,111	158,111
Transactions with owners, in their capacity as owners and other transfers						
Ordinary shares issued during the year	1,126,709	-	-	-	-	1,126,709
Option issued	-	-	-	-	-	-
Capital raising costs	70	-	-	-	-	70
Shares to be issued	-	-	-	-	-	-
Other comprehensive income						
Net change in fair value of available for sale financial assets	-	-	-	-	-	-
Transfer to profit and loss on impairment	-	-	-	-	-	-
Total	1,126,779	-	-	-	158,111	1,284,890
Balance at 31 December 2018	7,367,871	-	763,196	-	(7,830,375)	300,692

Notes to the financial statements are included on pages 24 to 42

Statement of Cash Flows for the Financial Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Interest received		-	-
Payments to suppliers, employees and for exploration activities		(421,637)	(435,343)
Interest and other costs of finance paid		-	-
Net cash used in operating activities	19(b)	(421,637)	(435,343)
Cash flows from investing activities			
Proceeds from sale of investments		-	52,355
Net cash provided by investing activities		-	52,355
Cash flows from financing activities			
Proceeds from issue of shares		956,709	372,000
Payment for share issue costs		70	(4,500)
Loans from related entities		-	-
Loans to related parties		(100,000)	(15,818)
Net cash from financing activities		856,779	351,682
Net increase/(decrease) in cash and cash equivalents		435,142	(31,306)
Cash and cash equivalents at the beginning of the financial year		5,788	37,094
Cash and cash equivalents at the end of the financial year	19(a)	440,930	5,788

Notes to the financial statements are included on pages 24 to 42

Notes to the Financial Statements

1. General Information

GTI Resources Ltd (the Company) is a listed public company, incorporated in Australia and operating in Australia.

The Company's registered office and its principal place of business are as follows:

Registered office	Principal place of business
7/24 Walters Drive Osborne Park WA 6017	7/24 Walters Drive Osborne Park WA 6017

2. Significant Accounting Policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 26 March 2019.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Going concern

The directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors believe this to be appropriate for the following reasons:

- The Company has cash reserves of \$440,930 as at 31 December 2018;
- The Company continues to monitor opportunities to raise further equity from interested investors;
- The Company's Board of Directors during the year ended 31 December 2018 raised funds by way of shareholder placements. Funding for the calendar year 2019 is anticipated to continue with assistance from shareholder placements, shareholder purchase plans and assistance from the board.

The directors have prepared cash flow budgets that indicate that the Company will have cash surpluses for a period of at least 12 months from the date of this report. This budget is dependent on the raising of funds by way of equity raisings and or obtaining further loan funds in order for the Company to meet its exploration commitments and other costs.

Based on the cash flow budgets and possible equity and/or debt funding described above, the directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the Company be unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

2. Significant Accounting Policies (cont'd)

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

The Directors acknowledge that the Company will need to adopt further strategies to ensure that funding is maintained. This includes, but is not limited to further capital or debt funding, the sale, relinquishment or introduction of joint venture contributions on areas of interest held, and seeking other prospective projects.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Refer to Note 3 for a discussion of critical judgements in applying the entity's accountings policies and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

During the current reporting year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 January 2018.

The accounting policies and methods of computation adopted in the preparation of the 2018 annual financial report are consistent with those adopted and disclosed in the company's 2017 annual financial report, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2018. The company has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

- AASB 9 Financial Instruments;
- AASB 15 Revenue from Contracts with Customers (N/A).

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(b) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

2. Significant Accounting Policies (cont'd)

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

(c) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(d) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

2. Significant Accounting Policies (cont'd)

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(e) Goods and services tax

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

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

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

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

(f) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (j) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the period in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2. Significant Accounting Policies (cont'd)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The Company is an Australian resident for Australian taxation law purposes and has no tax consolidated subsidiaries. Subsidiaries were dormant in the year.

(i) Operating cycle

The operating cycle of the entity coincides with the annual reporting cycle.

(j) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Presentation currency

The company operates entirely within Australia and the presentation currency is Australian dollars.

(l) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Class of fixed asset	Depreciation rate (%)
• Furniture & equipment	10 – 50
• Computer equipment	25 – 100
• Fixtures & fittings	10 – 20

(m) Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

2. Significant Accounting Policies (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(n) Share-based payments

The fair value of options are measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

(o) Revenue recognition

Interest revenue is recognised when receivable. The company has applied AASB 15 Revenue from Contracts with Customers. Accounting policy for interest income complies with AASB 15.

(p) Comparatives

Where necessary, comparatives have been re-classified and re-positioned for consistency with current year disclosures.

(q) New Accounting Standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company.

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases.

Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Company's financial statements, the Board are of the view that the impact will not be material.

2. Significant Accounting Policies (cont'd)

- Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key estimates — impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Key estimates — share based payments

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model.

Key estimates – deferred taxation

The Company is currently in the exploration phase. As a result a deferred tax asset in relation to losses has not been recognised by the Company on the basis that it is not probable that there will be future taxable income available against which the tax losses can be utilised.

4. Segment Information

The Company operates predominantly in one geographical segment, being Australia, and in one industry, being mineral exploration. As such the financial information presented in the statement of profit or loss and other comprehensive income and statement of financial position is the same as for the segment.

5. Revenue and Other Income

Continuing operations

Directors Remuneration and Entitlements Forgiveness
Gain on sale of investments

	2018	2017
	\$	\$
Directors Remuneration and Entitlements Forgiveness	686,648	-
Gain on sale of investments	-	45,355
	686,648	45,355

On 19 March 2018, the shareholders approved to issue 10,000,000 shares at deemed issue price of 1.7 cents to the Executive Chairman, Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the 10,000,000 shares due from the Company with effect from 19 March 2018.

6. Profit/(Loss) for the Year

Profit/(Loss) before income tax has been arrived at after charging the following expenses:

	2018	2017
	\$	\$
Depreciation of plant and equipment (note 9)	310	423
Share based payments:		
Share-based payments	-	553,160

7. Income Taxes

Income tax recognised in profit or loss

Tax expense/(income) comprises:

	2018	2017
	\$	\$
Current tax expense/(income)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	-	-

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Profit/(Loss) from operations	158,111	(1,232,388)
Income tax benefit calculated at 27.50%	43,481	(338,907)
Tax effect of expenses that represent permanent differences	239	1,735
Tax effect of expenses that represent temporary differences	126,397	57,280
Tax effect of unused tax losses and tax offsets not recognised as deferred tax assets	(170,117)	279,892
Income tax attributable to operating loss	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 27.50% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	2018	2017
	\$	\$
Unrecognised deferred tax balances		
The following deferred tax assets and (liabilities) have not been brought to account:		
Tax effect of revenue losses - revenue	1,892,015	2,006,065
Temporary differences – capitalised exploration activities	-	-
Temporary differences – provisions and accruals	14,174	56,044
	1,906,189	2,062,109

The Company has estimated unrecouped income tax losses of \$6,880,055 (2017: \$7,294,781) available to be offset against future taxable income. A deferred tax asset in relation to the losses has not been recognised by the Company on the basis that it is not probable that there will be future taxable income available against which the losses can be utilised.

	2018	2017
	\$	\$
8. Trade and Other Receivables		
Current		
Net amount due from ATO	6,587	3,925
	6,587	3,925

9. Plant and Equipment

	Furniture and equipment at cost \$	Computer equipment at cost \$	Fixtures & fittings at cost \$	Total \$
Gross carrying amount				
Balance at 1 January 2017	15,521	19,198	-	34,719
Additional/(Disposal)	-	-	-	-
Balance at 31 December 2017	15,521	19,198	-	34,719
Balance at 1 January 2018	15,521	19,198	-	34,719
Addition/(Disposal)	-	-	-	-
Balance at 31 December 2018	15,521	19,198	-	34,719
Accumulated depreciation and impairment				
Balance at 1 January 2017	15,108	17,882	-	32,990
Disposals	-	-	-	-
Depreciation expense	82	341	-	423
Balance at 31 December 2017	15,190	18,223	-	33,413
Balance at 1 January 2018	15,190	18,223	-	33,413
Disposals	-	-	-	-
Depreciation expense	62	248	-	310
Balance at 31 December 2018	15,252	18,471	-	33,723
Net book value				
As at 31 December 2017	331	975	-	1,306
As at 31 December 2018	269	727	-	996

10. Exploration and Evaluation Expenditure

	2018 \$	2017 \$
Balance at beginning of year	-	-
Capitalized during the year	-	-
Incurred during the year	67,585	183,880
Impaired during the year	(67,585)	(183,880)
Surrendered exploration tenement	-	-
Balance at end of year	-	-

11. Other Financial Assets

Non-current

Available for sale financial investments
carried at fair value

	2018 \$	2017 \$
Listed investments	281	451
	281	451

During the year, \$170 was recognised in respect of the total impairment of available of sale assets, which included \$170 decrease in value of listed investments.

The available for sale financial assets are classified as a Tier 1 financial assets with fair value based on the last traded prices as at 31 December 2018 on the Australian Securities Exchange.

12. Trade and Other Payables

Unsecured

	2018 \$	2017 \$
Trade payables (i)	14,717	3,149
Other payables	14,000	9,000
Directors' entitlements	64,205	676,084
	92,922	688,233

Director's Unsecured Loan

Murray McDonald (ii)	3,638	103,638
	3,638	103,638

(i) The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for at least the first 30 days from the date of the invoice. Thereafter, interest may be charged on the outstanding balance. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe (refer note 20). \$NIL payables are past due.

(ii) The loan is interest free and unsecured. During the year, \$100,000 (2017: \$33,500) was repaid and \$NIL (2017: \$17,682) was advanced.

13. Provisions

	2018	2017
	\$	\$
<u>Current</u>		
Employee benefits (i)	51,542	203,797
<u>Non-Current</u>		
Employee benefits (i)	-	-

- (i) The current and non-current provision for employee benefits relates to annual leave and long service leave.
- (ii) On 19 March 2018, the shareholders approved to issue 10,000,000 shares at deemed issue price of 1.7 cents to the Executive Chairman, Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the 10,000,000 shares due from the Company with effect from 19 March 2018.

There are 3 employees at 31 December 2018 (2017: 2).

14. Issued Capital

	2018	2017
	\$	\$
162,818,139 fully paid ordinary shares (2017: 93,166,669)	7,367,871	6,241,092

	2018		2017	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at the beginning of the financial year	93,166,669	6,241,092	76,766,669	5,773,592
Share placement	59,651,470	956,709	16,400,000	472,000
Ordinary share issued	10,000,000	170,000	-	-
Share issue costs	-	70	-	(4,500)
Balance at end of financial year	162,818,139	7,367,871	93,166,669	6,241,092

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

- (i) On 19 March 2018, the shareholders approved to issue 10,000,000 shares at deemed issue price of 1.7 cents to the Executive Chairman, Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the 10,000,000 shares due from the Company with effect from 19 March 2018.

15. Reserves

	2018	2017
	\$	\$
Equity-settled share based payments reserve	763,196	763,196
Investment revaluation reserve	-	-
Transfer to profit and loss on impairment	-	-
	763,196	763,196

Share options on issue

As at 31 December 2018, the company has 85,137,500 unlisted share options on issue (2017: 50,000,000). This included 7,000,000 options issued to CPS Capital Group Pty Ltd (CPS) at \$0.00001 per option in part consideration for services provided by CPS in relation to the capital raising by the Company. No options were exercised or

lapsed during the year. Using the Black & Scholes option model and based on the assumptions below, the unlisted share options were ascribed the following value.

Class of options	Number of options	Valuation date	Market price of shares	Exercise price	Expiry date	Risk free interest rate	Volatility (discount)	Indicative value per option
Unlisted options	50,000,000	16/05/2017	\$0.03	\$0.08	30/06/2021	1.93%	78.53%	0.011063
Unlisted options	35,137,500	08/06/2018	-	\$0.03	30/12/2021	-	-	-

Equity-settled share based payments reserve

The equity-settled employee benefits reserve arises on the grant of share options to directors, employees, vendor, consultants and advisors under the share option arrangement. Amounts are transferred out of this reserve and into issued capital when the options are exercised.

During the year, \$Nil was recognised in respect of equity-settled reserve share based payments.

Investment revaluation reserve

Changes in the fair value arising on revaluation of investments classified as available-for-sale financial assets, are taken to the investments revaluation reserve, as described in note 2(c). Amounts are recognised in profit or loss when the associated assets are sold or impaired.

16. Earnings/(Loss) Per Share

Basic profit/(loss) per share

	2018 Cents per share	2017 Cents per share
	0.12	(1.40)

The Company incurred a profit for the year and has 85,137,500 unlisted share options on issue (2017: 50,000,000). No options were exercised or lapsed during the year.

The options of the Company are not considered dilutive for the purpose of the calculation of the diluted loss per share as their conversion to ordinary shares would not increase the earnings per share. Consequently, diluted earnings per share is the same as basic loss per share.

Basic earnings per share

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

	2018 \$	2017 \$
Net profit/(loss)	158,111	(1,232,388)
	2018 No.	2017 No.
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	135,463,252	87,818,176

17. Commitments for Expenditure

	2018 \$	2017 \$
(a) Exploration commitments (i)		
Within two years	93,000	66,000

- (i) In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Western Australian state government. These obligations are not provided for in the financial report.

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

- (ii) As at 31 December 2018 there is no capital expenditure commitment or lease expenditure commitment.

18. Contingent Liabilities and Contingent Assets

(a) Contingent Liabilities

In the opinion of the Directors, there are no contingent liabilities as at 31 December 2018 (2017: Nil) and none were incurred in the interval between the financial year end and the date of this financial report.

(b) Contingent Assets

In the opinion of the Directors, there are no contingent assets as at 31 December 2018 (2017: Nil) and none were incurred in the interval between the financial year end and the date of this financial report.

19. Notes to the Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2018 \$	2017 \$
Cash and cash at bank	440,930	5,788

	2018 \$	2017 \$
(b) Reconciliation of profit/(loss) for the year to net cash flows from operating activities		
Profit/(loss) for the year	158,111	(1,232,388)
Gain on Forgiveness of Director Remuneration	(686,648)	-
Gain on sale of investment	-	(45,355)
Depreciation of plant and equipment	310	423
Other non-cash items	856,648	653,210

<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	(2,662)	(113)
 <i>Increase/(decrease) in liabilities:</i>		
Current trade and other payables	(595,141)	155,981
Provisions	(152,255)	32,899
Net cash used in operating activities	(421,637)	(435,343)

20. Financial Instruments

Overview

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

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this note and the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company has no sales and trade accounts at the end of the period.

The Company's exposure and the credit ratings of its counterparties are continuously monitored. The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit risk is 2018: \$447,517 (2017: \$9,713)

(b) Liquidity risk management

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

Liquidity risk management is the responsibility of the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

During the reporting period, the Company has borrowed funds from a related party for working capital to fund its operations.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its financial assets and liabilities and have been prepared on the following basis:

- Financial assets - based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period; and
- Financial liabilities - based on undiscounted cash flows on the earliest date on which the Company can be required to pay, including both interest and principal cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Company had no derivative financial assets or liabilities during the year, or at the end of the reporting period.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its financial assets and liabilities and have been prepared on the following basis:

- Financial assets - based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period; and
- Financial liabilities - based on undiscounted cash flows on the earliest date on which the Company can be required to pay, including both interest and principal cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Company had no derivative financial assets or liabilities during the year, or at the end of the reporting period.

Liquidity risk management

Contractual maturities of financial assets and liability	Less than 1 month \$	1 month to 1 year \$	1 year to 5 years \$	5+ years \$	Total \$
2018					
Non- derivative financial assets					
Non-interest bearing	-	6,587	281	-	6,868
Variable interest rate	440,930	-	-	-	440,930
	440,930	6,587	281	-	447,798
Non- derivative financial liabilities					
Non-interest bearing	96,560	-	-	-	96,560
	96,560	-	-	-	96,560
2017					
Non- derivative financial assets					
Non-interest bearing	-	3,925	451	-	4,376
Variable interest rate	5,788	-	-	-	5,788
	5,788	3,925	451	-	10,164
Non- derivative financial liabilities					
Non-interest bearing	791,871	-	-	-	791,871
	791,871	-	-	-	791,871

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- **Currency risk**

The Company is not exposed to any significant currency risk. All investments and most purchases are denominated in Australian dollars.

- **Interest rate risk**

The Company is exposed to interest rate risk as it invests cash in both fixed and floating interest rate products. The risk is managed by maintaining an appropriate mix between fixed and floating rate products.

Although some of the Company's assets are subject to interest rate risk, it is not dependent on this income. Interest income is only incidental to the Company's operations and operating cash flows.

The Company is not exposed to interest rate risk associated with borrowed funds as the directors unsecured loan is interest free.

- **Other price risk**

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the statement of financial position as available for sale financial assets. Material investments are managed on individual basis.

Equity securities price sensitivity analysis

The sensitivity analyses of the Company's exposure to equity securities price risk at the reporting date has been determined based on the assumption that the equity security price had increased/decreased by 5%.

At reporting date, if the equity security price had increased by 5% and all other variables were constant, the Company's equity would have increased by 2018: \$14 (2017: \$23). Where the equity security price decreased, there would be an equal and opposite impact on equity.

Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 2. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements, by level, of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities measured and recognised at fair value at year end.

As at 31 December 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Listed investments	281	-	-	281
Unlisted investments	-	-	17,000	17,000
Provision for movement in fair value	-	-	(17,000)	(17,000)
	281	-	-	281
Financial Liabilities				
Trade payables	-	-	28,717	28,717
Director's unsecured loan	-	-	3,638	3,638
	-	-	32,355	32,355

On 19 March 2018, the shareholders approved to issue 10,000,000 shares at deemed issue price of 1.7 cents to the Executive Chairman, Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the 10,000,000 shares due from the Company with effect from 19 March 2018.

As at 31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Listed investments	451	-	-	451
Unlisted investments	-	-	17,000	17,000
Provision for movement in fair value	-	-	(17,000)	(17,000)
	451	-	-	451
Financial Liabilities				
Trade payables	-	-	12,149	12,149
Director's unsecured loan	-	-	103,638	103,638
	-	-	115,787	115,787

The fair value of financial instruments traded in active markets (such as available for sale financial securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the closing bid price on that date. These instruments are included in level 1. The fair value of these instruments at reporting day were 2018: \$281 (2017: \$451).

21. Related Party Disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of interests held in subsidiaries is disclosed in note 22 to the financial statements.

Equity interests in associates and joint ventures

GTI Resources Ltd has no equity interests in associates or joint ventures.

(b) Key management personnel remuneration

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report and has been audited. The aggregate compensation of the key management personnel is summarised as following:

	2018	2017
	\$	\$
Short term employee benefits	246,193	322,062
Post employment benefits	22,894	27,945
Other long term employee benefits	-	-
Share based payments	-	287,643
	269,087	637,650

	2018	2017
	\$	\$
(d) Loan from Directors		
Refer to note 12 for details.	3,638	103,638

On 19 March 2018, the shareholders approved to issue 10,000,000 shares at deemed issue price of 1.7 cents to the Executive Chairman, Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the 10,000,000 shares due from the Company with effect from 19 March 2018.

22. Subsidiaries

The Company has a 100% interest in GTI Minerals Pty Ltd, a company incorporated in Australia for \$1.00, the Company also has a 75% interest in PT GTRI Mining, a company incorporated in Indonesia. Both have been dormant since incorporation. As the subsidiaries have no assets or liabilities, consolidated financial statements have not been prepared.

23. Remuneration of Auditors

Audit or review of the financial report

	2018	2017
	\$	\$
	23,819	16,572
	23,819	16,572

24. Subsequent Events

No other material subsequent events have occurred between 1 January 2019 and the date of this report.

Additional Securities Exchange Information

As at 24 April 2019

1. Shareholdings

a. Share capital

162,818,139 fully paid ordinary shares held by 429 shareholders.

b. Distribution of holders of equity securities

Category	Ordinary shares	Number of holders
1 – 1,000	2,176	22
1,001 – 5,000	12,780	3
5,001 – 10,000	2,112,600	212
10,001 – 100,000	3,843,800	90
100,001 and over	156,846,783	102
	162,818,139	429

The number of shareholdings held in less than marketable parcels is 288 given a share value of 1.2 cents per share.

c. Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one (1) vote when a poll is called, otherwise each member present at a meeting or by proxy has one (1) vote on a show of hands.

d. 20 largest shareholders — ordinary shares

	Name	Fully paid ordinary shares	
		Number held	% held
1.	KDDG Nominees Pty Ltd	21,250,000	13.05
2.	Sunset Capital Management Pty Ltd	14,840,962	9.12
3.	Kitara Investments Pty Ltd	14,000,000	8.60
4.	Cossack Holdings (Aust) Pty Ltd	10,000,000	6.14
5.	Opeka Dale Pty Ltd	7,150,000	4.39
6.	Titus Investments (WA) Pty Ltd	6,240,000	3.83
7.	J & I Resources Pty Ltd	4,500,000	2.76
8.	Iana Pty Ltd	4,380,000	2.69
9.	DC & PC Holdings Pty Ltd	4,000,000	2.46
10.	Mrs Judith Hare	3,000,000	1.84
11.	Agens Pty Limited	2,883,333	1.77
12.	Alitime Nominees Pty Ltd	2,797,550	1.72
13.	Bushdawn Pty Ltd	2,000,000	1.23
14.	Globe Metals and Mining Limited	2,000,000	1.23
15.	Mr Graeme John Clatworthy	2,000,000	1.23
16.	Mr Andrew Law & Mrs Gillian Law	2,000,000	1.23
17.	Mr John Ciganek	1,666,667	1.02
18.	Mr Purnomo Oesman	1,666,666	1.02
19.	Mr Gavin Jeremy Dunhill	1,650,000	1.01
20.	Mrs Pamela Christine Neesham	1,600,000	0.98
		109,625,178	67.32

e. Substantial shareholders

The following shareholders have lodged a notice of substantial shareholding in the Company:

	Number of shares	%
KDDG Nominees Pty Ltd	21,250,001	13.05
Jason Peterson	15,138,950	9.30
Tolga Kumova	14,000,000	8.60
Cossack Holdings (Aust) Pty Ltd	10,000,000	6.14

2. Restricted securities

There were no restricted securities as at 24 April 2019.

3. Unquoted equity securities

Class	Unlisted options	
	Number	Number of holders
Unlisted options exercisable at 8 cents on or before 30 June 2021	50,000,000	6
Unlisted options exercisable at 3 cents on or before 30 December 2021	35,137,500	33

4. Unquoted equity security holdings greater than 20%

Option holder	Number	%
Unlisted options – 30 June 2021		
KDDG Nominees Pty Ltd	26,000,000	52.00
Mr Andrew Law & Mrs Gillian Law	10,000,000	20.00

5. Company secretary

The name of the Company Secretary is Frank Campagna.

6. Registered office and principal place of business

7/24 Walters Drive
Osborne Park, Western Australia 6017
Telephone +61 0412 911 930

7. Register of securities

The Company's register of securities is maintained at:
Advanced Share Registry Services Limited
110 Stirling Highway
Nedlands, Western Australia 6009

8. Securities exchange listing

Australian Securities Exchange Limited (ASX code is GTR)

Tenement Schedule

As at 24 April 2019

PROJECT	TENEMENT	HOLDER/APPLICANT	SHARES HELD
Meeka	E51/1556	GTI Resources Ltd	100%
Niagara	E40/342	GTI Resources Ltd	100%

All tenements are located in Western Australia

Key to Tenement Schedule

E - Exploration Licence