

# Annual Report

## 2019

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## Corporate Directory

### Directors

<b>Mr Ian Middlemas</b>	Chairman
<b>Mr Peter Woodman</b>	Managing Director
<b>Mr Robert Behets</b>	Non-Executive Director
<b>Mr Mark Pearce</b>	Non-Executive Director

### Company Secretary

**Mr Lachlan Lynch**

### Registered and Principal Office

Level 9, BGC Centre, 28 The Esplanade, Perth WA 6000

Tel: +61 8 9322 6322

Fax: +61 8 9322 6558

### Auditor

William Buck Audit (WA) Pty Ltd

### Solicitors

DLA Piper

### Bankers

Australia and New Zealand Banking Group Limited

### Stock Exchange Listing

Australian Securities Exchange

Fully Paid Ordinary Shares (ASX Code: **CR1**)

Listed Options (ASX Code: **CR1O**)

### Share Register

Automatic Registry Services

Level 2, 267 St Georges Terrace, Perth WA 6000

AUSTRALIA

Tel: 1300 288 664

The Directors of Constellation Resources Limited present their report on the Company (the “**Company**” or “**Constellation Resources**”) for the year ended 30 June 2019.

### DIRECTORS

The names and details of the Company's directors in office at any time during, or since the end of, the financial year are:

#### Current Directors

Mr Ian Middlemas	Chairman
Mr Peter Woodman	Managing Director
Mr Robert Behets	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

Unless otherwise stated, Directors held their office from 1 July 2018 until the date of this report.

### CURRENT DIRECTORS AND OFFICERS

#### **Mr Ian Middlemas** *B.Com, CA* *Chairman*

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 17 November 2017. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Apollo Minerals Limited (July 2016 – present), Paringa Resources Limited (October 2013 – present), Berkeley Energia Limited (April 2012 – present), Prairie Mining Limited (August 2011 – present), Salt Lake Potash Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), Piedmont Lithium Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Cradle Resources Limited (May 2016 – July 2019) and Syntonic Limited (April 2010 – June 2017).

#### **Mr Peter Woodman** *B.Sc. (Geology), MAusIMM* *Managing Director*

Mr Woodman is a geologist with over 25 years' experience in exploration, development and operations in the resource sector. He is a graduate of the Australian National University and is a corporate member of the Australian Institute of Mining and Metallurgy. Mr Woodman has worked for a number of mining companies during his extensive career in the resources sector and has been influential in major project acquisition and discovery. He has a strong background in management, exploration planning and execution, resource development and mining operations both in Australia and overseas.

Mr Woodman most recently held the position of Chief Geologist at Regis Resources Limited where he oversaw exploration and resource development activities for its WA and NSW Projects. Prior to his role with Regis Resources Limited, he held positions with Papillon Resources Limited, Sovereign Metals Limited, WCP Resources Limited (now named Piedmont Lithium Limited), Samantha Gold NL, Ranger Minerals NL, Hellman & Schofield Pty Ltd, Centamin Egypt Limited and Kingsgate Consolidated Limited.

Mr Woodman was appointed as Managing Director of the Company on 9 April 2018.

**Mr Robert Behets** *B.Sc(Hons), FAusIMM, MAIG*  
*Non-Executive Director*

Mr Behets is a geologist with 30 years' experience in the mineral exploration and mining industry in Australia and internationally. He has had extensive corporate and management experience and has been Director of a number of ASX-listed companies in the resources sector including Mantra Resources Limited ("Mantra"), Papillon Resources Limited, and Berkeley Energia Limited. Mr Behets was instrumental in the founding, growth and development of Mantra, an African-focussed uranium company, through to its acquisition by ARMZ for approximately A\$1 billion in 2011. Prior to Mantra, he held various senior management positions during a long career with WMC Resources Limited.

Mr Behets has a strong combination of technical, commercial and managerial skills and extensive experience in exploration, mineral resource and ore reserve estimation, feasibility studies and operations across a range of commodities, including uranium, gold and base metals. He is a Fellow of The Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and was previously a member of the Australasian Joint Ore Reserve Committee ("JORC").

Mr Behets was appointed a Director of the Company on 30 June 2017. During the three year period to the end of the financial year, Mr Behets has held directorships in Apollo Minerals Limited (October 2016 – present), Equatorial Resources Limited (February 2016 – present), Berkeley Energia Limited (April 2012 - present), Piedmont Lithium Limited (February 2016 – May 2018) and Cradle Resources Limited (May 2016 – July 2017).

**Mr Mark Pearce** *B.Bus, CA, FCIS, FFin*  
*Non-Executive Director*

Mr Pearce is a Chartered Accountant and is currently a director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Governance Institute of Australia and a Fellow of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director of the Company on 29 July 2016. During the three year period to the end of the financial year, Mr Pearce has held directorships in Apollo Minerals Limited (July 2016 – present), Salt Lake Potash Limited (August 2014 – present), Prairie Mining Limited (August 2011 – present), Equatorial Resources Limited (November 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Piedmont Lithium Limited (September 2009 – August 2018) and Syntonic Limited (April 2010 – October 2016).

**Mr Lachlan Lynch** *B.Com, CA*  
*Company Secretary*

Mr Lynch is a Chartered Accountant who commenced his career at a large international Chartered Accounting firm and is currently a Financial Controller for the Apollo Group which is involved in a number of listed companies that operate in the resources sector.

Mr Lynch was appointed as Company Secretary of Constellation Resources Limited on 24 October 2018.

## PRINCIPAL ACTIVITIES

The principal activity of the Company during the year consisted of the exploration for minerals, including the Orpheus Project.

## OPERATING AND FINANCIAL REVIEW

### Corporate

On 4 May 2018, the Company lodged a Prospectus with the Australian Securities and Investment Commission and the Australian Securities Exchange for the offer of up to 35,000,000 shares at an issue price of \$0.20 each, together with one free attaching listed option for every three shares, to raise up to \$7,000,000 before costs.

On 18 July 2018, the Company issued 35,000,000 ordinary shares at \$0.20 and 11,666,402 listed options exercisable at \$0.20 each on or before 31 July 2021 raising \$7,000,000 prior to costs pursuant to the Prospectus. On 26 July 2018, the Company was granted admission to the Australian Securities Exchange with official quotation occurring on 30 July 2018. The \$7,000,000 raised (before costs) is being directed towards the Company's exploration programs planned to evaluate the potential of the Orpheus Project in the Fraser Range.

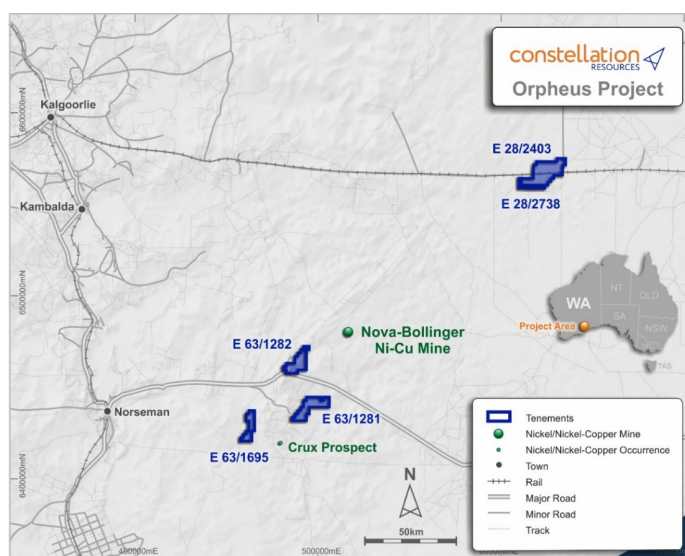
With effect from 24 October 2018, Mr Lachlan Lynch was appointed Company Secretary of the Company following the resignation of Mr Clint McGhie.

### Operations

#### Orpheus Project – Fraser Range

Constellation Resources holds the Orpheus Project (the "Project"), which comprises five tenements covering approximately 552km<sup>2</sup> in a prospective portion of the Fraser Range province of south eastern Western Australia (Figure 1). The Orpheus Project includes a 70% interest in three mineral exploration licences and one mineral exploration licence application, and a 100% interest in a further mineral exploration licence. The three exploration licences form part of a joint venture between Constellation Resources (70%) and Enterprise Metals Limited (30%, ASX: ENT).

The Fraser Range province is considered prospective for nickel, copper and gold, and has attracted significant exploration since the discovery of Independence Group NL's (ASX: IGO) Nova-Bollinger nickel and copper deposit in 2012. The bulk of the Project is strategically located along strike and mid-way between the Nova deposit to the northeast and Independence Company's Crux nickel prospect to the southwest. Recent work has confirmed a number of targets within the Orpheus Project tenements and Constellation Resources is undertaking systematic exploration to assess these targets.



**Figure 1: Tenement Plan – Orpheus Project**

## **OPERATING AND FINANCIAL REVIEW (Continued)**

### **E63/1282 - Gold**

A RC drilling program has been completed at the Orpheus Project in the Fraser Range during May and June 2019 over a gold target within tenement E63/1282. No significant assays were returned.

The drilling was aimed at testing a 3km long low-level gold in soil anomaly with a peak value of 27ppb Au coincident with NE-SW trending magnetics. The majority of the RC drilling was focussed over a coherent 350 metre x 150 metre gold in soil geochemical anomaly.

A total of 25 RC drill holes were drilled for 2,370 metres to test the gold in soil gold anomalies. Drilling was completed on lines spaced 100-200 metres along strike with drill holes spaced at 30 metre intervals across strike (on some lines up to 60 metres apart). Drill holes ranged in depth from 60 to 108 metres to ensure fresh rock was encountered.

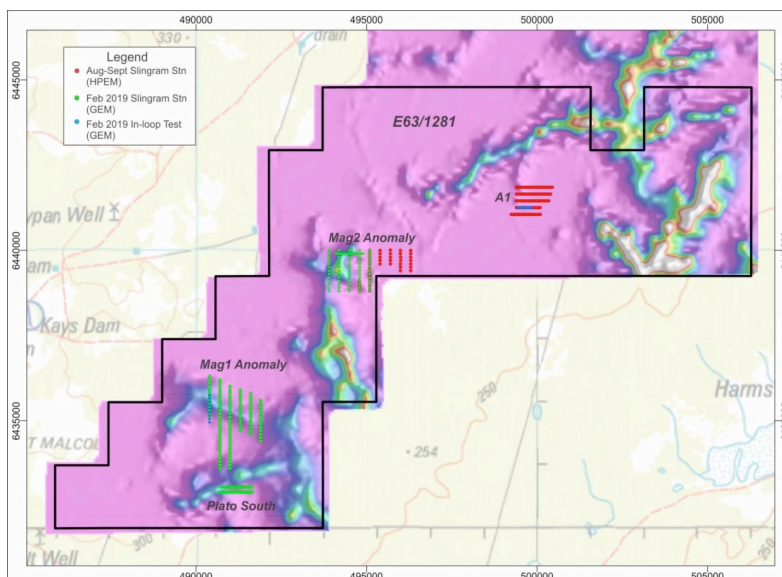
Samples were collected via cone splitter on a 1 metre basis and 4 metre composites were analysed at Min Analytical laboratories for a multi-element suite comprising Ag, As, Au, Bi, Co, Cu, Mo, Ni, Pb, Sb, Te, W and Zn.

RC drilling has shown that the gold in soil geochemical anomaly area geology comprises up to 20 metres of transported clays and gravels and deep weathering to an average depth of 50 metres. The bedrock lithological package is dominated by an intercalated quartz-biotite/mica garnet gneiss and chlorite-magnetite amphibolite. In addition, occasional chert and BIF lithologies were logged. The amphibolite unit is extremely chloritic and has weak to strong magnetite content. The gneiss can be massive to banded with quartz rich augens and in places displays silica alteration.

The target is believed to have been adequately tested and no further work is currently planned here.

### **E63/1281 - Nickel**

During the year ended 30 June 2019, a second-phase moving-loop transient electromagnetic (MLTEM) survey was completed over the Mag2 and Plato South prospects (Figure 2) and results received. The surveyed lines were designed to test for potential conductive anomalies at a number of targets.



**Figure 2: Location of all MLTEM surveys completed during August–September 2018 to February 2019 on E63/1281. Background image is HeliTEM Ch20Z B-field image.**

The 2019 EM surveys were completed by GEM Geophysics during February 2019 using their 60-80A transmitter and Jessy Deeps high-temperature SQUID B-field sensor. A total of 450 stations were recorded over 33 lines for a total of 31.05 line-km.

The most interesting anomaly to come out of the program was a weak anomaly in the north western part of the Mag 2 area. The model for this anomaly is a relatively weak conductor, and appears to be related to a SSW–NNE structure.

The Slingram follow-up of the subtle in-loop anomaly at Plato South has confirmed a possible weak conductor in this area, but modelling suggests it is relatively low conductance and could be at significant depth.

A weak anomaly at the northern edge of the survey is of potential interest. Modelling suggests the potential source could be a SSW–NNE striking, steep-dipping low level conductor (Conductance: 210S) at a depth of around 150 metres. The modelled plate size is 300 metre x 300 metre dipping steeply to the southeast.

The modelling of the MLTEM data suggests the response is from depth, rather than being a surficial response from the palaeochannel sediments, but the source of the anomalism is ambiguous. This weak response could be representing a number of sources including remobilised sulphides or graphite, locally more intense alteration along the fault plane, and/or locally more ground water within this complex fault zone.

The local MLTEM anomaly is located on a discontinuity along a SSW–NNE mid time HeliTEM. There also appears to be some truncation of magnetic features in this area that suggest this is a site of an east–west structure. The MLTEM anomaly looks to be located at the junction of two fault trends.

The anomaly is considered interesting enough to warrant a targeted drilling program to determine the cause of the conductive anomaly beneath cover. Planning for the drilling program is underway.

#### **E63/1282 - Nickel**

During the 2017 review, several HeliTEM targets were identified on E63/1282 for ground EM follow-up. All targets are under shallow cover and any sub crop found was weathered and leached. Ground EM surveys completed over these targets during the year ended 30 June 2019 did not return any anomalism.

#### **E28/2403 - Nickel**

On E28/2403 three conceptual magnetic targets were covered by a gravity survey on a 400 metre x 400 metre grid in 2017. This was subsequently followed up by an infill gravity survey on a 200 metre x 200 metre spacing over two anomalies of interest.

Four regional moving loop electromagnetic (“MLTEM”) test lines were completed during the year ended 30 June 2019 to cover the strongest parts of the gravity anomalies. Although these test lines did not return any significant anomalism, they did indicate that ground EM was effective in “seeing” to basement and therefore can be used for direct drill targeting for massive nickel sulphides.

#### **Business Development**

Several opportunities have been reviewed during the year, and the Company will continue in its efforts to identify and acquire suitable new business opportunities in the resources sector, both domestically and overseas. However, no agreements have been reached or licences granted and the Directors are not able to assess the likelihood or timing of a successful acquisition or grant of any opportunities.

#### **Results of Operations**

The net loss of the Company for the year ended 30 June 2019 was \$1,033,996 (2018: \$417,066). This loss is predominately comprised of exploration and evaluation expenditure and is attributable to the Company’s accounting policy of expensing exploration and evaluation expenditure (other than expenditures incurred in the acquisition of the rights to explore) incurred by the Company. In the current financial year, the net loss also includes share based payments expenses totalling \$50,667 (2018: \$43,385) relating to the grant of incentive options. The fair value of the incentive options is recognised over the vesting period of the option.



## Financial Position

As at 30 June 2019, the Company had a net current asset surplus of \$5,529,179 (2018: net current asset deficiency of \$114,895). At 30 June 2019, the Company had cash reserves of \$5,589,116 (2018: \$33,189) and borrowings of nil (2018: \$100,000). At 30 June 2019, the Company had net assets of \$5,881,344 (2018: \$238,968).

## Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

## Business Strategies and Prospects for Future Financial Years

The objective of the Company is to create long-term shareholder value through the discovery, development and acquisition of technically and economically viable mineral deposits.

To date, the Company has not commenced production of any minerals, nor has it identified a Mineral Resource in accordance with the JORC Code. To achieve its objective, the Company currently intends over the medium term to conduct further exploration activities including field work to follow up targets identified at the Orpheus Project.

These activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely developments will be achieved. The material business risks faced by the Company that could have an effect on the Company's future prospects, and how the Company manages these risks include:

- **The Company's exploration programmes may not identify an economic deposit** - The Orpheus Project Tenements are at an early stage of exploration and current/potential investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. The success of the Company depends, among other things, on successful exploration and/or acquisition of reserves, securing and maintaining title to tenements and consents, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining activities may also be hampered by force majeure circumstances, land claims and unforeseen mining problems. There is no assurance that exploration and development of the mineral interests owned by the Company, or any other projects that may be acquired in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. If such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realise value, or the Company may even be required to abandon its business and fail as a "going concern";
- **The Company's activities will require further capital** – the exploration and any development of the Company's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying, or the indefinite postponement of, exploration and any development of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company;
- **The Company may be adversely affected by fluctuations in commodity prices** – the price of commodities fluctuate widely and are affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral properties will be dependent upon the price of commodities being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward; and
- **Global financial conditions may adversely affect the Company's growth and profitability** – many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities.



## EARNINGS PER SHARE

	2019 \$	2018 \$
Basic and diluted loss per share	(0.03)	(4,171)

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no known breaches of environmental laws and regulations by the Company during the financial year.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 18 July 2018, the Company issued 35,000,000 ordinary shares at \$0.20 and 11,666,402 listed options exercisable at \$0.20 each on or before 31 July 2021 raising \$7,000,000 prior to costs pursuant to a Prospectus.

On 26 July 2018, the Company was granted admission to the Australian Securities Exchange with official quotation occurring on 30 July 2018. The \$7,000,000 raised (before costs) is being directed towards the Company's exploration programs planned to evaluate the potential of the Orpheus Project in the Fraser Range.

There were no other significant changes in the state of affairs of the Company during the year ended 30 June 2019 not otherwise disclosed.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

As at the date of this report, there are no matters or circumstances which have arisen since 30 June 2019 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2019, of the Company;
- the results of those operations, in financial years subsequent to 30 June 2019, of the Company; or
- the state of affairs, in financial years subsequent to 30 June 2019, of the Company.

## DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Shares <sup>1</sup>	Listed Options <sup>2</sup>	Unlisted Options <sup>3</sup>
Ian Middlemas	2,400,000	800,000	-
Robert Behets	600,000	199,999	-
Mark Pearce	1,000,000	333,331	-
Peter Woodman	500,000	166,666	1,000,000

**Notes:**

<sup>1</sup> 'Shares' means fully paid ordinary shares in the capital of the Company.

<sup>2</sup> 'Listed Options' means a listed option to subscribe for one Share in the capital of the Company.

<sup>3</sup> 'Unlisted Options' means an unlisted option to subscribe for one Share in the capital of the Company.

## SHARE OPTIONS

At the date of this report the following options have been issued over unissued Ordinary Shares of the Company:

- 11,666,402 Listed Options exercisable at \$0.20 each on or before 31 July 2021;
- 3,000,000 Unlisted Options exercisable at \$0.20 each on or before 31 July 2021;
- 300,000 Unlisted Options exercisable at \$0.25 each on or before 9 April 2021;
- 300,000 Unlisted Options exercisable at \$0.30 each on or before 9 October 2021; and
- 400,000 Unlisted Options exercisable at 0.40 each on or before 9 April 2022.

During the year ended 30 June 2019, no Ordinary Shares were issued as a result of the exercise of Listed or Unlisted Options. Subsequent to year end and until the date of this report, no Ordinary Shares have been issued as a result of the exercise of Listed or Unlisted Options.

## MEETINGS OF DIRECTORS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

Current Directors	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
Mr Ian Middlemas	2	2
Mr Robert Behets	2	2
Mr Mark Pearce	2	2
Mr Peter Woodman	2	2

There were no Board committees during the financial year. The Board as a whole currently performs the functions of an Audit Committee, Risk Committee, Nomination Committee, and Remuneration Committee, however this will be reviewed should the size and nature of the Company's activities change.

## REMUNERATION REPORT - AUDITED

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Company.

### Details of Key Management Personnel

The KMP of the Company during or since the end of the financial year were as follows:

#### Directors

Mr Ian Middlemas	Chairman
Mr Peter Woodman	Managing Director
Mr Robert Behets	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

#### Other KMP

Mr Lachlan Lynch	Company Secretary (appointed 24 October 2018)
Mr Clint McGhie	Company Secretary (resigned 24 October 2018)

Unless otherwise disclosed, the KMP held their position from 1 July 2018 until the date of this report.

### Remuneration Policy

The Company's remuneration policy for its KMP has been developed by the Board taking into account the size of the Company, the size of the management team for the Company, the nature and stage of development of the Company's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors. In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

- (a) the Company is currently focussed on undertaking exploration, appraisal and development activities;
- (b) risks associated with small cap resource companies whilst exploring and developing projects; and
- (c) other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production of the project.

### Remuneration Policy for Executives

The Company's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

#### **Fixed Remuneration**

Fixed remuneration consists of base salary, as well as employer contributions to superannuation funds and other non-cash benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of Company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

#### **Performance Based Remuneration – Short Term Incentive**

Some executives are entitled to an annual cash incentive payment upon achieving various key performance indicators ("KPI's"), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as successful commencement and/or completion of exploration activities (e.g. commencement/completion of exploration programs within budgeted timeframes and costs), establishment of government relationships (e.g. establish and maintain sound working relationships with government and officialdom), development activities (e.g. completion of infrastructure studies and

commercial agreements), corporate activities (e.g. recruitment of key personnel and representation of the company at international conferences) and business development activities (e.g. corporate transactions and capital raisings).

These measures were chosen as the Board believes they represent the key drivers in the short and medium term success of the Project's development. On an annual basis, subsequent to year end, the Board assesses performance against each individual executive's KPI criteria. During the 2019 financial year, \$30,000 in bonuses were approved, paid, or are payable which represents 50% of the Managing Director's total discretionary bonus.

#### ***Performance Based Remuneration – Long Term Incentive***

The Board has or may issue incentive securities to some executives (if applicable) as a key component of the incentive portion of their remuneration, in order to attract and retain the services of any executives and to provide an incentive linked to the performance of the Company. The Board considers that for each executive who has or may receive securities in the future, their experience in the resources industry will greatly assist the Company in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive securities to be granted to any executives will be commensurate to their value to the Company.

The Board has a policy of granting incentive securities to executives (if applicable) with exercise prices at and/or above market share price (at the time of agreement). As such, incentive securities granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Company increases sufficiently to warrant exercising the incentive securities granted.

Other than service-based vesting conditions, there are not expected to be additional performance criteria if incentive securities are granted to executives, as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Company are closely related. If other forms of incentive securities are issued, then performance milestones may be applied.

During the year ended 30 June 2019, the Company did not issue incentive options to key management personnel.

The Company's Securities Trading Policy prohibits KMP's from entering into arrangements to limit their exposure to Incentive Securities granted as part of their remuneration package.

#### **Remuneration Policy for Non-Executive Directors**

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, incentive securities may be used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Total Directors' fees paid to all Non-Executive Directors are not to exceed \$250,000 per annum. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may in limited circumstances receive incentive securities in order to secure their services.

Fees for the Chairman are presently \$36,000 and fees for other Non-Executive Directors are \$20,000 per annum plus superannuation. These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company.

#### **Relationship between Remuneration of KMP and Shareholder Wealth**

During the Company's project identification, acquisition, exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Company does not currently have a policy with respect to

## REMUNERATION REPORT – AUDITED (CONTINUED)

the payment of dividends and returns of capital. Therefore there is no relationship between the Board's policy for determining the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current financial year. Discretionary annual cash bonuses, when applicable, will be based on achieving various non-financial key performance indicators to be determined by the Board. However, as noted above, KMP's may receive Incentive Securities which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the Incentive Securities.

### Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking new project acquisition, exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which are currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

In addition to a focus on operating activities, the Board is also focussed on finding and completing new business and other corporate opportunities. The Board considers that the prospects of the Company and resulting impact on shareholder wealth will be enhanced by this approach. Accordingly, a bonus may be paid upon the successful completion of a new business or corporate transaction.

A \$30,000 bonus was payable in respect to the current financial year to the Managing Director.

Where required, KMP receive superannuation contributions, currently equal to 9.5% of their salary, and do not receive any other retirement benefit.

All remuneration provided to KMP is valued at cost to the company and expensed. Incentive securities are valued using the Black Scholes option or Binomial valuation methodology. The value of these incentive securities is expensed over the vesting period.

### Remuneration of Key Management Personnel

Details of the nature and amount of each element of the remuneration of each director and KMP of the Company for the years ended 30 June 2019 and 30 June 2018 are as follows:

	Short-term		Post-employment	Share based Payments	Total	Performance Related
	Salary & Fees	Other	Super-annuation benefits	Value of Unlisted Securities		
2019	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Mr Ian Middlemas <sup>1</sup>	33,000	-	-	-	33,000	-
Mr Peter Woodman	240,000	30,000 <sup>5</sup>	22,800	50,667	343,467	23
Mr Robert Behets <sup>2</sup>	18,487	-	1,756	-	20,243	-
Mr Mark Pearce <sup>3</sup>	18,487	-	1,756	-	20,243	-
<b>Other KMP</b>						
Mr Lachlan Lynch <sup>4</sup>	-	-	-	-	-	-
Mr Clint McGhie <sup>4</sup>	-	-	-	-	-	-
<b>Total</b>	<b>309,974</b>	<b>30,000</b>	<b>26,312</b>	<b>50,667</b>	<b>416,953</b>	<b>23</b>

	Short-term		Post-employment	Share based Payments	Total	Performance Related
	Salary & Fees	Other	Super-annuation benefits	Value of Unlisted Securities		
2018	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Mr Ian Middlemas <sup>1</sup>	-	-	-	-	-	-
Mr Peter Woodman	54,796	-	5,203	43,385	103,384	42
Mr Robert Behets <sup>2</sup>	-	-	-	-	-	-
Mr Mark Pearce <sup>3</sup>	-	-	-	-	-	-
<b>Other KMP</b>						
Mr Clint McGhie <sup>4</sup>	-	-	-	-	-	-
<b>Total</b>	<b>54,796</b>	<b>-</b>	<b>5,203</b>	<b>43,385</b>	<b>103,384</b>	<b>42</b>

**Notes:**

<sup>1</sup> Mr Middlemas' fees were effective from 30 July 2018 upon listing of the Company on the Australian Securities Exchange.

<sup>2</sup> Mr Behets' fees were effective from 30 July 2018 upon listing of the Company on the Australian Securities Exchange.

<sup>3</sup> Mr Pearce's fees were effective from 30 July 2018 upon listing of the Company on the Australian Securities Exchange.

<sup>4</sup> Mr Lynch provides and Mr McGhie provided services as the Company Secretary through a services agreement with Apollo Group Pty Ltd ('Apollo'). Apollo is paid A\$180,000 per annum for the provision of serviced office facilities and administrative, accounting and company secretarial services to the Company. The fee commenced from 1 August 2018. Mr Lynch was appointed, and Mr McGhie resigned, as Company Secretary effective 24 October 2018.

<sup>5</sup> Represents 50% of total discretionary bonus.

## Ordinary Shareholdings of Key Management Personnel

Details of the ordinary shares held by each director and KMP of the Company for the year ended 30 June 2019 are as follows:

	Held at 1 July 2018 (#)	Granted as Remuneration (#)	Purchases (#)	Net Change Other (#)	Held at 30 June 2019 (#)
<b>2019</b>					
<b>Directors</b>					
Mr Ian Middlemas	-	-	2,400,000	-	2,400,000
Mr Peter Woodman	-	-	500,000	-	500,000
Mr Robert Behets	-	-	600,000	-	600,000
Mr Mark Pearce	-	-	1,000,000	-	1,000,000
<b>Other KMP</b>					
Mr Lachlan Lynch	25,000 <sup>1</sup>	-	-	-	25,000
Mr Clint McGhie	-	-	328,500	-	328,500 <sup>2</sup>
<b>Total</b>	<b>25,000</b>	<b>-</b>	<b>4,828,500</b>	<b>-</b>	<b>4,853,500</b>

**Notes:**

<sup>1</sup> As at date of appointment.

<sup>2</sup> As at date of resignation.

## REMUNERATION REPORT – AUDITED (CONTINUED)

### Listed Option Holdings of Key Management Personnel

Details of the listed options held by each director and KMP of the Company for the year ended 30 June 2019 are as follows:

2019	Held at 1 July 2018 (#)	Granted as Remuneration (#)	Purchases (#)	Net Change Other (#)	Held at 30 June 2019 (#)
<b>Directors</b>					
Mr Ian Middlemas	-	-	800,000	-	800,000
Mr Peter Woodman	-	-	166,666	-	166,666
Mr Robert Behets	-	-	199,999	-	199,999
Mr Mark Pearce	-	-	333,331	-	333,331
<b>Other KMP</b>					
Mr Lachlan Lynch	8,333 <sup>1</sup>	-	-	-	8,333
Mr Clint McGhie	-	-	109,499	-	109,499 <sup>2</sup>
<b>Total</b>	<b>8,333</b>	<b>-</b>	<b>1,609,495</b>	<b>-</b>	<b>1,617,828</b>

**Notes:**

<sup>1</sup> As at date of appointment.

<sup>2</sup> As at date of resignation.

### Unlisted Option Holdings and Incentive Securities of Key Management Personnel

Details of the relevant incentive securities granted to or held by each director and KMP of the Company for the year ended 30 June 2019 are as follows:

2019	Held at 1 July 2018 (#)	Granted as Remuneration (#)	Options exercised (#)	Options forfeited (#)	Net Change Other (#)	Held at 30 June 2019 (#)	Vested and exercisable (#)
<b>Directors</b>							
Mr Ian Middlemas	-	-	-	-	-	-	-
Mr Peter Woodman	1,000,000	-	-	-	-	1,000,000	300,000
Mr Robert Behets	-	-	-	-	-	-	-
Mr Mark Pearce	-	-	-	-	-	-	-
<b>Other KMP</b>							
Mr Lachlan Lynch	- <sup>1</sup>	-	-	-	-	-	-
Mr Clint McGhie	-	-	-	-	-	- <sup>2</sup>	-
	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>300,000</b>

**Notes:**

<sup>1</sup> As at date of appointment.

<sup>2</sup> As at date of resignation.



## Options Granted to Key Management Personnel

Details of the values of Incentive Options granted, exercised or lapsed for each KMP during the 2019 financial year are as follows:

2019	Value of Options Granted during the Year \$	Value of Options exercised during the year \$	Value of Options included in remuneration for the year \$	Remuneration for the year that consists of Options %
<b>Directors</b>				
Mr Peter Woodman	-	-	50,667	15%
<b>Total</b>	-	-	<b>50,667</b>	<b>15%</b>

Details of Incentive Options granted by the Company to each KMP during the current and previous financial year are as follows:

2019	Options Granted	Grant Date	Vesting Date	Expiry Date	Exercise Price \$	Grant Date Fair Value <sup>1</sup> \$	No. Vested as at 30 June 2019	% vested in year	% forfeited in year
<b>Director</b>									
Mr Peter Woodman	300,000	09/04/2018	09/04/2018	09/04/2021	\$0.25	\$0.1113	300,000	-	-
	300,000	09/04/2018	09/10/2019	09/10/2021	\$0.30	\$0.1126	-	-	-
	400,000	09/04/2018	09/04/2020	09/04/2022	\$0.40	\$0.1098	-	-	-

**Notes:**

<sup>1</sup> For details on the valuation of Incentive Options and Performance Rights, including models and assumptions used, please refer to Note 17 of the financial statements.

There were no incentive securities that lapsed for any KMP of the Company during the 2019 and 2018 financial years.

## Employment Contracts with Key Management Personnel

Mr Ian Middlemas, Non-Executive Chairman, has a letter of appointment confirming the terms and conditions of his appointment as a non-executive director and chairman of the Company. Mr Middlemas receives a fee of \$36,000 per annum.

Mr Peter Woodman, Managing Director, has a letter of appointment confirming the terms and conditions of his appointment as managing director dated 9 April 2018. Mr Woodman receives a salary of \$240,000 per annum plus superannuation. Mr Woodman's appointment is on a rolling annual basis and can be terminated by the Company by giving notice no less than 3 months prior to the end of each annual period. In the event of termination by the Company, Mr Woodman is entitled to receive his salary and benefits for a maximum period of 3 months. Subject to the satisfaction of key performance indicators set by the Board, Mr Woodman will be entitled to a cash bonus of up to \$60,000 per annum. Given the current nature, size and opportunities of the Company, these key performance indicators may include measures such as successful completion of exploration activities (i.e. within budgeted timeframes and costs), development activities (such as completion of technical assessments and technical studies), corporate activities and business development activities.

Mr Robert Behets, Non-Executive Director, has a letter of appointment confirming the terms and conditions of his appointment as a non-executive director of the Company. Mr Behets receives a fee of \$20,000 per annum plus superannuation.

Mr Mark Pearce, Non-Executive Director, has a letter of appointment confirming the terms and conditions of his appointment as a non-executive director of the Company. Mr Pearce receives a fee of \$20,000 per annum plus superannuation.

## REMUNERATION REPORT – AUDITED (CONTINUED)

### Other Transactions

Apollo Group Pty Ltd (“Apollo Group”), a Company of which Mr Mark Pearce is a director and beneficial shareholder, provides corporate, administration and company secretarial services and serviced office facilities to the Company under a services agreement effective from 1 August 2018. Either party can terminate the services agreement at any time for any reason by giving one month’s written notice. Apollo Group received a monthly retainer of \$15,000 (exclusive of GST) for the provision of these services. The monthly retainer is reviewed every six to twelve months and is based on Apollo Group’s budgeted cost of providing the services to the Company (and other companies utilising same or similar services from Apollo Group) for the next six to twelve month period, with minimal mark-up. From time to time, Apollo Group may also receive additional fees (as agreed with the Company) in respect of services provided by Apollo Group to the Company that are not included in the agreed services covered by the monthly retainer. During the year ended 30 June 2019, Apollo Group was paid \$25,000 (2018: \$nil) additional fees for services in relation to the Company’s listing on the Australian Securities Exchange.

### Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2019 (2018: Nil).

### End of the audited Remuneration Report.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has entered into Deeds of Indemnity with the Directors indemnifying them against certain liabilities and costs to the extent permitted by law.

The Company has paid, or agreed to pay, premiums totalling \$5,778 in respect of Directors’ and Officers’ Liability Insurance and Company Reimbursement policies for the 12 months ended 30 June 2019 (2018: \$nil), which cover all Directors and officers of the Company against liabilities to the extent permitted by the Corporations Act 2001. The policy conditions preclude the Company from any detailed disclosures.

To the extent permitted by law, the Company has agreed to indemnify its auditors, William Buck Audit (WA) Pty Ltd (“William Buck”), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify William Buck during or since the end of the financial year.

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a part for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

## TENEMENT SCHEDULE

Tenements held as at the date of the Directors’ Report are listed in the table below:

Reference	Project	State	Status	Interest
E28/2403	Orpheus Project	Western Australia	Granted	70%
E63/1281	Orpheus Project	Western Australia	Granted	70%
E63/1282	Orpheus Project	Western Australia	Granted	70%
E28/2738	Orpheus Project	Western Australia	Granted	100%
E63/1695	Orpheus Project	Western Australia	Application	70%

## **NON-AUDIT SERVICES**

Non-audit services provided by our auditors William Buck and related entities for the financial year ended 30 June 2019 amounted to \$1,000 (2018: \$6,000).

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit services provided means that auditor independence was not compromised.

## **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 17 of the Directors' Report.

This report is made in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors



**PETER WOODMAN**  
**Managing Director**

23 August 2019

## **Competent Person Statement**

*The information in this report that related to Exploration Results is based on, and fairly represents, information compiled by Mr Peter Woodman, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Mr Woodman is a holder of shares and options in, and is the Managing Director of, Constellation Resources Limited. Mr Woodman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Woodman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## AUDITOR'S INDEPENDENCE DECLARATION



### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CONSTELLATION RESOURCES LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

CN

Conley Manifis  
Director

Dated this 23<sup>rd</sup> day of August 2019

#### CHARTERED ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road  
South Perth WA 6151  
PO Box 748  
South Perth WA 6951  
Telephone: +61 8 6436 2888  
[williambuck.com](http://williambuck.com)

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**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2019



	Notes	2019 \$	2018 \$
Interest income		137,663	-
Exploration and evaluation expenses	2	(635,292)	(257,420)
Administration expenses	2	(485,700)	(66,261)
Share based payments expenses	2,17	(50,667)	(43,385)
Impairment expenses	8	-	(50,000)
<b>Loss before income tax</b>		<b>(1,033,996)</b>	<b>(417,066)</b>
Income tax expense	6	-	-
<b>Loss for the year</b>		<b>(1,033,996)</b>	<b>(417,066)</b>
<b>Loss attributable to members of Constellation Resources Limited</b>		<b>(1,033,996)</b>	<b>(417,066)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(1,033,996)</b>	<b>(417,066)</b>
<b>Total comprehensive loss attributable to members of Constellation Resources Limited</b>		<b>(1,033,996)</b>	<b>(417,066)</b>
Basic and diluted loss per share attributable to the ordinary equity holders of the company (\$ per share)	16	(0.03)	(4,171)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2019



	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	5,589,116	33,189
Other receivables	4	44,519	3,614
Prepayments	5	-	252,435
<b>Total Current Assets</b>		<b>5,633,635</b>	<b>289,238</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	2,165	3,863
Exploration and evaluation assets	8	350,000	350,000
<b>Total Non-Current Assets</b>		<b>352,165</b>	<b>353,863</b>
<b>TOTAL ASSETS</b>		<b>5,985,800</b>	<b>643,101</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	100,925	304,133
Provisions	10	3,531	-
Borrowings	11	-	100,000
<b>Total Current Liabilities</b>		<b>104,456</b>	<b>404,133</b>
<b>TOTAL LIABILITIES</b>		<b>104,456</b>	<b>404,133</b>
<b>NET ASSETS</b>		<b>5,881,344</b>	<b>238,968</b>
<b>EQUITY</b>			
Contributed equity	12	6,625,805	100
Reserves	13	1,294,200	1,243,533
Accumulated losses	14	(2,038,661)	(1,004,665)
<b>TOTAL EQUITY</b>		<b>5,881,344</b>	<b>238,968</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2019



	Contributed Equity \$	Accumulated Losses \$	Share Based Payment Reserve \$	Other Equity Reserve \$	Total Equity \$
<b>2019</b>					
<b>Balance at 1 July 2018</b>	<b>100</b>	<b>(1,004,665)</b>	<b>43,385</b>	<b>1,200,148</b>	<b>238,968</b>
Net loss for the year	-	(1,033,996)	-	-	(1,033,996)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(1,033,996)</b>	<b>-</b>	<b>-</b>	<b>(1,033,996)</b>
<b>Transactions with owners recorded directly in equity</b>					
Issue of ordinary shares	7,000,000	-	-	-	<b>7,000,000</b>
Share issue costs	(374,295)	-	-	-	<b>(374,295)</b>
Share based payment expense	-	-	50,667	-	<b>50,667</b>
<b>Balance at 30 June 2019</b>	<b>6,625,805</b>	<b>(2,038,661)</b>	<b>94,052</b>	<b>1,200,148</b>	<b>5,881,344</b>
<b>2018</b>					
<b>Balance at 1 July 2017</b>	<b>100</b>	<b>(587,599)</b>	<b>-</b>	<b>-</b>	<b>(587,499)</b>
Net loss for the year	-	(417,066)	-	-	(417,066)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(417,066)</b>	<b>-</b>	<b>-</b>	<b>(417,066)</b>
<b>Transactions with owners recorded directly in equity</b>					
Share based payment expense	-	-	43,385	-	<b>43,385</b>
Debt forgiveness (refer note 13(d))	-	-	-	1,200,148	<b>1,200,148</b>
<b>Balance at 30 June 2018</b>	<b>100</b>	<b>(1,004,665)</b>	<b>43,385</b>	<b>1,200,148</b>	<b>238,968</b>

The accompanying notes form part of these financial statements.



**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2019



	Notes	2019 \$	2018 \$
<b>Operating activities</b>			
Interest received from third parties		119,537	-
Payments to employees and suppliers		(1,089,315)	(287,716)
<b>Net cash flows used in operating activities</b>	15(a)	<b>(969,778)</b>	<b>(287,716)</b>
<b>Investing activities</b>			
Payment for property, plant and equipment		-	(4,244)
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>(4,244)</b>
<b>Financing activities</b>			
Proceeds from issue of ordinary shares	12	7,000,000	-
Share issue costs	12	(374,295)	-
Repayment of working capital facility	11	(100,000)	-
Proceeds from working capital facility	11	-	100,000
Payments financed through loan from Apollo Minerals Limited		-	225,149
<b>Net cash flows from financing activities</b>		<b>6,525,705</b>	<b>325,149</b>
Net increase in cash and cash equivalents		5,555,927	33,189
Cash and cash equivalents at the beginning of the year		33,189	-
<b>Cash and cash equivalents at the end of the year</b>	15(b)	<b>5,589,116</b>	<b>33,189</b>

The accompanying notes form part of these financial statements.

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in preparing the financial report of Constellation Resources Limited ("Constellation Resources" or "Company") for the year ended 30 June 2019 are stated to assist in a general understanding of the financial report.

Constellation Resources is a Company limited by shares, incorporated and domiciled in Australia.

The financial report of the Company for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 23 August 2019.

### **(a) Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") and interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial statements comprise the financial statements of the Company. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

### **(b) Statement of Compliance**

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Company include:

- AASB 9 *Financial Instruments*, and relevant amending standards
- AASB 15 *Revenue*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the aforementioned standards has resulted in an immaterial impact on the financial statements of the Company as at 30 June 2019. A discussion on the impact of the adoption of AASB 9 is included below.

#### **Impact of Changes – AASB 9 Financial Instruments**

The Company has adopted AASB 9 from 1 July 2018 which has resulted in changes to accounting policies and the analysis for possible adjustments to amounts recognised in the Financial Statements. In accordance with the transitional provisions in AASB 9, the reclassifications and adjustments are not reflected in the statement of financial position as at 30 June 2018 but recognised in the opening balance sheet as at 1 July 2018. The Company has not recognised a loss allowance on trade and other receivables following assessment of the impact of the new impairment model introduced by AASB 9.

#### **Classification and Measurement**

On 1 July 2018, the Company has assessed which business models apply to the financial instruments held by the Company and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Company classified financial assets and liabilities as measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Company's financial instruments.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

The following table summarises the impact on the classification and measurement of the Company's financial instruments at 1 July 2018:

Presented in statement of financial position	Financial Asset	AASB 139	AASB 9	Reported \$	Restated \$
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised Cost	No change	No change
Trade and other receivables	Loans and receivables	Loans and receivables	Amortised Cost	No change	No change
Trade and other payables	Loans and receivables	Amortised Cost	Amortised Cost	No change	No change

The Company does not currently enter into any hedge accounting and therefore there is no impact to the Company's Financial Statements.

### Impairment

AASB 9 introduces a new expected credit loss ("ECL") impairment model that requires the Company to adopt an ECL position across the Company's financial assets from 1 July 2018. The Company's receivables balance consists of GST refunds from the Australian Tax Office and interest receivables from recognised Australian banking institutions. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, an impairment loss would be considered immaterial.

The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Given the Company's receivables are from the Australian Tax Office and recognised Australian banking institutions, the Company has assessed that the risk of default is minimal and as such, no impairment loss has been recognised against these receivables as at 30 June 2019.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2019. Those which may be relevant to the Company are set out in the table below, but these are not expected to have any significant impact on the Company's financial statements:

Standard/Interpretation	Application Date of Standard	Application Date for Company
AASB 16 <i>Leases</i>	1 January 2019	1 July 2019
<i>Interpretation 23 Uncertainty over Income Tax Treatments</i>	1 January 2019	1 July 2019
AASB 2017-7 <i>Amendments – Long-term Interests in Associates and Joint Venture</i> <i>Amendments to IAS 28 and Illustrative Example – Long-term Interests in Associates and Joint Ventures</i>	1 January 2019	1 July 2019
AASB 2018-1 <i>Amendments – Annual Improvements 2015-2017 Cycle</i>	1 January 2019	1 July 2019
AASB 2018-2 <i>Amendments – Plan Amendment, Curtailment or Settlement (AASB 119)</i>	1 January 2019	1 July 2019

## **AASB 16 Leases**

AASB 16 Leases will replace existing accounting requirements for leases under AASB 117 Leases. Under current requirements, leases are classified based on their nature as either finance leases which are recognised on the Statement of Financial Position, or operating leases, which are not recognised on the Statement of Financial Position.

Under AASB 16 Leases, the Company's accounting for operating leases as a lessee will result in the recognition of a right-of-use (ROU) asset and an associated lease liability on the Statement of Financial Position. The lease liability represents the present value of future lease payments, with the exception of short-term and low value leases. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard.

Based on the Company's assessment to date, the adoption of AASB 16 is expected to have an immaterial impact on the financial statements of the Company due to the minimal number, if any, of non-cancellable leases currently entered into by the Company which would not fall under a short-term or low value exception.

## **Transition**

The Company will initially apply AASB 16 on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under AASB 117, the Company can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company is assessing the potential impact of using these practical expedients.

Based on the current assessment and conditions of the Company, it is expected that the adoption of AASB 16 will have minimal impact if any on the financial statements of the Company. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend however on future economic conditions, including the Company's borrowing rate, the composition of the Company's lease portfolio, the extent to which the Company elects to use practical expedients and recognition exemptions, and the new accounting policies, which are subject to change until the Company presents its first financial statements that include the date of initial application.

## **(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

## **(d) Interests in Joint Operations**

The Company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the financial statements. Details of the Company's interests in joint operations are shown at Note 20.

## **(e) Trade and Other Receivables**

Trade receivables are recognised and carried at original invoice amount less an expected credit loss provision. An estimate for the expected credit loss is made based on the historical risk of default and expected loss rates at the inception of the transaction. Inputs are selected for the expected credit loss impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates.

## **(f) Revenue Recognition**

Revenues are recognised at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(g) Exploration and Evaluation Expenditure**

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*, which is the Australian equivalent of IFRS 6.

Exploration and evaluation expenditure encompasses expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

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

Exploration and evaluation expenditure incurred by the Company subsequent to the acquisition of the rights to explore is expensed as incurred, up until the technical feasibility and commercial viability of the project has been demonstrated with a bankable feasibility study.

Capitalised exploration costs are reviewed at each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### **(h) Payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

### **(i) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### **(j) Earnings per Share**

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares.

**(k) Income Tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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

**(l) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

**(m) Use and Revision of Accounting Estimates**

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described Note 1(u).

**(n) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the year but not distributed at reporting date.

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(o) Operating Segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The chief operating decision maker has been identified as the Board of Directors, taken as a whole. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the Board of Directors.

The Company aggregates two or more operating segments when they have similar economic characteristics.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

### **(p) Impairment of Assets**

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

### **(q) Fair Value Estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

### **(r) Issued Capital**

Ordinary Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

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



**(s) Share-Based Payments**

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Black Scholes option pricing model.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share based payments reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where ordinary shares are issued, the transaction is recorded at fair value based on the quoted price of the ordinary shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

**(t) Plant and Equipment**

*(i) Cost and valuation*

All classes of plant and equipment are measured at cost.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

*(ii) Depreciation*

Depreciation is provided on a straight-line basis on all property, plant and equipment.

	2019	2018
Major depreciation periods are:		
Computer Equipment	3 years	3 years

**(u) Significant judgements and key assumptions**

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

*(i) Key judgements*

The Company capitalises expenditure incurred in the acquisition of rights to explore and records this as an asset where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves (Note 1(g)). There are areas of interest from which no reserves have been extracted, but the directors are of the continued belief that such expenditure should not be written off since the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The Company recognises share based payments in accordance with the policy at Note 1(s).

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2019  
(Continued)



**2. EXPENSES**

	2019	2018
	\$	\$
<b>Employee benefits expense included in profit or loss</b>		
Wages, salaries and fees	339,974	54,796
Defined contribution plans	26,312	5,203
Share based payment expenses (note 17)	50,667	43,385
	<b>416,953</b>	<b>103,384</b>

**3. CASH AND CASH EQUIVALENTS**

	2019	2018
	\$	\$
Cash at bank and on hand	589,116	33,189
Deposits at call	5,000,000	-
	<b>5,589,116</b>	<b>33,189</b>

**4. OTHER RECEIVABLES**

	2019	2018
	\$	\$
Interest receivable	18,126	-
GST receivable	26,393	3,614
	<b>44,519</b>	<b>3,614</b>

**5. PREPAYMENTS**

	2019	2018
	\$	\$
Prepaid Initial Public Offering Costs	-	252,435
	<b>-</b>	<b>252,435</b>

The balance of Prepayments as at 30 June 2018 was transferred to equity as share issue costs upon the issue of shares in the Company's initial public offering on 18 July 2018.

**6. INCOME TAX**

	2019 \$	2018 \$
<b>(a) Recognised in the Statement of Comprehensive Income</b>		
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	(290,820)	(89,012)
Adjustments in respect of income tax of previous years	(69,420)	2,694
Deferred tax assets not brought to account	360,240	86,318
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>-</b>	<b>-</b>
<b>(b) Reconciliation Between Tax Expense and Accounting Loss Before Income Tax</b>		
Accounting loss before income tax	(1,033,996)	(417,066)
At the domestic income tax rate of 27.5% (2018: 27.5%)	(284,349)	(114,693)
Expenditure not allowable for income tax purposes	14,114	25,681
Capital allowances	(20,585)	-
Adjustments in respect of income tax of previous years	(69,420)	2,694
Deferred tax assets not brought to account	360,240	86,318
<b>Income tax expense attributable to loss</b>	<b>-</b>	<b>-</b>
<b>(c) Deferred Tax Assets and Liabilities</b>		
Deferred income tax at 30 June relates to the following:		
<b>Deferred Tax Liabilities</b>		
Accrued interest	4,985	-
Deferred tax assets used to offset deferred tax liabilities	(4,985)	-
	-	-
<b>Deferred Tax Assets</b>		
Accrued expenditure	7,412	7,425
Provisions	971	-
Capital allowances	68,461	-
Tax losses available to offset against future taxable income	549,213	240,482
Deferred tax assets used to offset deferred tax liabilities	(4,985)	-
Deferred tax assets not brought to account	(621,072)	(247,907)
	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

## 7. PROPERTY, PLANT AND EQUIPMENT

	2019 \$	2018 \$
<b>Computer Equipment</b>		
At cost	4,244	4,244
Accumulated depreciation	(2,079)	(381)
Carrying amount at 30 June	<b>2,165</b>	<b>3,863</b>
<b>Reconciliation</b>		
Carrying amount at 1 July	<b>3,863</b>	-
Additions	-	4,244
Depreciation	(1,698)	(381)
Carrying amount at 30 June	<b>2,165</b>	<b>3,863</b>

## 8. EXPLORATION AND EVALUATION ASSETS

	Notes	2019 \$	2018 \$
<b>(a) Exploration and evaluation assets by area of interest</b>			
Orpheus Project (Fraser Range - Western Australia)	8(b)	350,000	350,000
Total exploration and evaluation assets		<b>350,000</b>	<b>350,000</b>
<b>(b) Reconciliation of carrying amount:</b>			
Carrying amount at beginning of year		350,000	400,000
Impairment of carrying value <sup>(2)</sup>		-	(50,000)
Balance at end of financial year <sup>(1)</sup>		<b>350,000</b>	<b>350,000</b>

**Notes:**

- The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.
- During the financial year ended 30 June 2018, impairment of the exploration and evaluation asset of \$50,000 was recognised to record the asset at its recoverable amount based on an independent valuation obtained by Apollo Minerals Limited (former parent entity of the Company).

## 9. TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
Trade payables	43,972	21,044
Accrued expenses	56,953	283,089
	<b>100,925</b>	<b>304,133</b>

**10. PROVISIONS (CURRENT)**

	2019	2018
	\$	\$
Employee Benefits – Annual Leave Provision	3,531	-
	<b>3,531</b>	<b>-</b>

**11. BORROWINGS (CURRENT)**

	2019	2018
	\$	\$
Working capital facility	-	100,000
	<b>-</b>	<b>100,000</b>

On 30 April 2018, the Company entered into a working capital facility agreement with Apollo Minerals Limited ("Apollo Minerals") (parent entity at the time of the transaction). Under the terms of the agreement, Apollo Minerals advanced \$100,000 to the Company to enable the Company to meet certain operating expenses. The Company repaid the balance to Apollo Minerals during the financial year ended 30 June 2019.

**12. CONTRIBUTED EQUITY**

	Notes	2019	2018
		\$	\$
<b>(a) Issued Capital</b>			
35,000,100 (2018: 100) Ordinary Shares	12(b)	6,625,805	100
		<b>6,625,805</b>	<b>100</b>

On 4 May 2018, the Company lodged a Prospectus with the Australian Securities and Investment Commission and the Australian Securities Exchange for the offer of up to 35,000,000 shares at an issue price of \$0.20 each, together with one free attaching listed option for every three shares, to raise up to \$7,000,000 before costs.

On 18 July 2018, the Company issued 35,000,000 ordinary shares at \$0.20 and 11,666,402 listed options exercisable at \$0.20 each on or before 31 July 2021 raising \$7,000,000 prior to costs pursuant to the Prospectus.

On 26 July 2018, the Company was granted admission to the Australian Securities Exchange with official quotation occurring on 30 July 2018. The \$7,000,000 raised (before costs) is being directed towards the Company's exploration programs planned to evaluate the potential of the Orpheus Project in the Fraser Range.

**(b) Movements in Ordinary Shares During the Past Two Years Were as Follows:**

Date	Details	Number of Ordinary Shares	Issue Price \$	\$
<b>2018</b>				
1-Jul-17	Opening balance	100	-	100
30-Jun-18	Closing balance	<b>100</b>	<b>-</b>	<b>100</b>
<b>2019</b>				
01-Jul-18	Opening balance	100	-	100
18-Jul-18	Issue of ordinary shares	35,000,000	0.20	7,000,000
30-Jun-19	Share issue costs	-	-	(374,295)
30-Jun-19	Closing balance	<b>35,000,100</b>	<b>-</b>	<b>6,625,805</b>

## 12. CONTRIBUTED EQUITY (CONTINUED)

### (c) Rights Attaching to Ordinary Shares

The rights attaching to fully paid ordinary shares ("**Ordinary Shares**") arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

#### (i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001 and any rights attached to any special class of shares.

#### (ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 shareholders.

#### (iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

#### (iv) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

## 13. RESERVES

	Note	2019 \$	2018 \$
Share-based payments reserve	13(b)	94,052	43,385
Other equity reserve	13(d)	1,200,148	1,200,148
		1,294,200	1,243,533

### (a) Nature and Purpose of Reserves

#### (i) Share-based payments reserve

The share-based payments reserve is used to record the fair value of Unlisted Options issued by the Company.

#### (ii) Other equity reserve

Refer to note 13(d).

**(b) Movements in the share-based payments reserve during the past two years were as follows:**

Date	Details	Number of Incentive Options	\$
1 Jul 2017	Opening balance	-	-
9 Apr 2018	Grant of Incentive Options	1,000,000	-
30 Jun 2018	Share-based payment expense	-	43,385
30 Jun 2018	Closing balance	<b>1,000,000</b>	<b>43,385</b>
1 Jul 2018	Opening balance	1,000,000	43,385
30 Jun 2019	Share-based payment expense	-	50,667
30 Jun 2019	Closing balance	<b>1,000,000</b>	<b>94,052</b>

**(c) Terms and Conditions of Unlisted Incentive Options**

The Unlisted Options are granted based upon the following terms and conditions:

- Each Unlisted Option entitles the holder to the right to subscribe for one Ordinary Share upon the exercise of each Unlisted Option;
- The Unlisted Options outstanding at the end of the financial year have the following exercise prices and expiry dates:
  - 300,000 Unlisted Options exercisable at \$0.25 each on or before 9 April 2021 (vesting immediately);
  - 300,000 Unlisted Options exercisable at \$0.30 each on or before 9 October 2021 (vesting 9 October 2019); and
  - 400,000 Unlisted Options exercisable at \$0.40 each on or before 9 April 2022 (vesting 9 April 2020).
- The Unlisted Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- Ordinary Shares issued on exercise of the Unlisted Options rank equally with the then Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Unlisted Options;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Unlisted Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Unlisted Options will be made by the Company.

An additional 3,000,000 Unlisted Options exercisable at \$0.20 each on or before 31 July 2021 are held by Apollo Minerals Limited. The options are held in escrow for a period of two years from the Company's listing date at which point in time application will be made by the Company to the Australian Securities Exchange for official quotation.

**(d) Other Equity Reserve**

On 30 April 2018, the Company entered into a Debt for Equity Subscription Agreement with its parent entity Apollo Minerals Limited ("Apollo Minerals"). Under the terms of the agreement, Apollo Minerals agreed to forgive all loan advances made to the Company in relation to exploration activities at the Orpheus Project. The balance of the loan as at the date of forgiveness was \$1,200,148. As the transaction was between a parent entity and subsidiary, the forgiven amount has been recognised directly in equity.



#### 14. ACCUMULATED LOSSES

	2019	2018
	\$	\$
Balance at 1 July	(1,004,665)	(587,599)
Net loss for the year	(1,033,996)	(417,066)
Balance at 30 June	<b>(2,038,661)</b>	<b>(1,004,665)</b>

#### 15. STATEMENT OF CASH FLOWS RECONCILIATION

	2019	2018
	\$	\$
<b>(a) Reconciliation of the Net Loss After Tax to the Net Cash Flows from Operations</b>		
Loss for the year	(1,033,996)	(417,066)
<b>Adjustment for non-cash income and expense items</b>		
Depreciation of plant and equipment	1,698	381
Share based payment expense	50,667	43,385
Impairment losses	-	50,000
<b>Change in operating assets and liabilities</b>		
(Increase) in trade and other receivables	(40,905)	(3,614)
Decrease/(Increase) in prepayments	252,435	(252,435)
(Decrease)/Increase in trade and other payables	(203,208)	291,633
Increase in provisions	3,531	-
<b>Net cash outflow from operating activities</b>	<b>(969,778)</b>	<b>(287,716)</b>
<b>(b) Reconciliation of Cash</b>		
Cash at bank and on hand	5,589,116	33,189
<b>Balance at 30 June</b>	<b>5,589,116</b>	<b>33,189</b>

#### (c) Non-cash financing and investing activities

There were no non-cash financing or investing activities during the year ended 30 June 2019.

All expenditure incurred by the Company until 30 April 2018 was settled by the Company's former parent entity (Apollo Minerals Limited) and recorded through a loan account. As at 30 April 2018, the balance of the borrowing to Apollo Minerals Limited was \$1,200,148 at which point the parties entered into a Debt for Equity Subscription Agreement and the amount was forgiven. Refer to note 13(d) for further details.

## 16. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2019 \$	2018 \$
Basic and diluted loss per share	(0.03)	(4,171)
	<b>(0.03)</b>	<b>(4,171)</b>

	2019 \$	2018 \$
Net loss attributable to members of the parent used in calculating basic and diluted earnings per share:	(1,033,996)	(417,066)
Earnings used in calculating basic and dilutive earnings per share	<b>(1,033,996)</b>	(417,066)

	Number of Ordinary Shares 2019	Number of Ordinary Shares 2018
Weighted average number of Ordinary Shares used in calculating basic and dilutive earnings per share	33,369,963	100

### (a) Non-Dilutive Securities

As at reporting date, 11,666,402 Listed Options and 4,000,000 Unlisted Options (which represent 15,666,402 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

### (b) Conversions, Calls, Subscriptions or Issues after 30 June 2019

There have been no other conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before the completion of this financial report.

## 17. SHARE BASED PAYMENTS

### (a) Recognised Share-based Payment Expense

From time to time, the Company provides incentive options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

During the past two years, the following equity-settled share-based payments have been recognised:

	2019 \$	2018 \$
Expense arising from equity-settled share-based payment transactions	<b>50,667</b>	<b>43,385</b>

### (b) Summary of Unlisted Options Granted as Share-based Payments

The following Incentive options were granted as share-based payments during the past two financial years:

Series	Security Type	Number	Grant Date	Expiry Date	Vesting Date	Exercise Price \$	Fair Value \$
Series 1	Options	300,000	9-Apr-18	9-Apr-21	9-Apr-18	\$0.25	\$0.1113
Series 2	Options	300,000	9-Apr-18	9-Oct-21	9-Oct-19	\$0.30	\$0.1126
Series 3	Options	400,000	9-Apr-18	9-Apr-22	9-Apr-20	\$0.40	\$0.1098

## 17. SHARE BASED PAYMENTS (CONTINUED)

The following table illustrates the number and weighted average exercise prices (WAEP) of Unlisted Options granted as share-based payments at the beginning and end of the financial year:

	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at beginning of year	1,000,000	\$0.33	-	-
Granted during the year	-	-	1,000,000	\$0.33
Outstanding at end of year	<b>1,000,000</b>	<b>\$0.33</b>	<b>1,000,000</b>	<b>\$0.33</b>

The outstanding balance of options issued as share based payments as at 30 June 2019 is represented by:

- 300,000 Unlisted Options exercisable at \$0.25 each on or before 9 April 2021;
- 300,000 Unlisted Options exercisable at \$0.30 each on or before 9 October 2021; and
- 400,000 Unlisted Options exercisable at \$0.40 each on or before 9 April 2022.

### (c) Weighted Average Remaining Contractual Life

At 30 June 2019, the weighted average remaining contractual life of Unlisted Options on issue that had been granted as share-based payments was 2.3 years (2018: 3.3 years).

### (d) Range of Exercise Prices

At 30 June 2019, the range of exercise prices of Unlisted Options on issue that had been granted as share-based payments was \$0.25 to \$0.40 (2018: \$0.25 to \$0.40).

### (e) Weighted Average Fair Value

No Incentive Options were granted during the year ended 30 June 2019. During the year ended 30 June 2018, the weighted average fair value of Incentive Options that had been granted as share-based payments by the Company was \$0.1111.

### (f) Option Pricing Models

The fair value of Incentive Options granted is estimated as at the date of grant using the Black Scholes option valuation model taking into account the terms and conditions upon which the Incentive Options were granted. The table below lists the inputs to the valuation model used for share options granted by the Company during the last two years:

Inputs	Series 1	Series 2	Series 3
Exercise price	A\$0.25	A\$0.30	A\$0.40
Grant date share price	A\$0.20	A\$0.20	A\$0.20
Dividend yield <sup>1</sup>	-	-	-
Volatility	95%	95%	95%
Risk-free interest rate	2.16%	2.22%	2.22%
Grant date	9-Apr-18	9-Apr-18	9-Apr-18
Vesting date	9-Apr-18	9-Oct-19	9-Apr-20
Expiry date	9-Apr-21	9-Oct-21	9-Apr-22
Expected life of option	3.00 years	3.50 years	4.00 years
Fair value at grant date	A\$0.1113	A\$0.1126	A\$0.1098

**Notes:**

<sup>1</sup> The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

## 18. RELATED PARTIES

### (a) Key Management Personnel

Transactions with Key Management Personnel are included at Note 19.

### (b) Transactions with Related Parties

On 30 April 2018, the Company entered into a working capital facility agreement with Apollo Minerals Limited ("Apollo Minerals") (parent entity at the time of the transaction). Under the terms of the agreement, Apollo Minerals advanced \$100,000 to the Company to enable the Company to meet certain operating expenses. The Company repaid the balance to Apollo Minerals during the financial year ended 30 June 2019.

## 19. KEY MANAGEMENT PERSONNEL

### (a) Details of Key Management Personnel

The KMP of the Company during or since the end of the financial year were as follows:

#### Current Directors

Mr Ian Middlemas	Chairman
Mr Peter Woodman	Managing Director
Mr Robert Behets	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

#### Other KMP

Mr Lachlan Lynch	Company Secretary (appointed 24 October 2018)
Mr Clint McGhie	Company Secretary (resigned 24 October 2018)

Unless otherwise disclosed, KMP held their position from 1 July 2018 until 30 June 2019.

### (b) Remuneration of Key Management Personnel

	2019	2018
	\$	\$
Short-term employee benefits	339,974	54,796
Post-employment benefits	26,312	5,203
Share-based payments	50,667	43,385
	<b>416,953</b>	<b>103,384</b>

### (c) Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2019 (2018: Nil).

### (d) Other Transactions

Apollo Group Pty Ltd ("Apollo Group"), a Company of which Mr Mark Pearce is a director and beneficial shareholder, provides corporate, administration and company secretarial services and serviced office facilities to the Company under a services agreement effective from 1 August 2018. Either party can terminate the services agreement at any time for any reason by giving one months' written notice. Apollo Group received a monthly retainer of \$15,000 (exclusive of GST) for the provision of these services. The monthly retainer is reviewed every six to twelve months and is based on Apollo Group's budgeted cost of providing the services to the Company (and other companies utilising same or similar services from Apollo Group) for the next six to twelve month period, with minimal mark-up. From time to time, Apollo Group may also receive additional fees (as agreed with the Company) in respect of services provided by Apollo Group to the Company that are not included in the agreed services covered by the monthly retainer. During the year ended 30 June 2019, Apollo Group was paid \$25,000 (2018: \$nil) additional fees for services in relation to the Company's listing on the Australian Securities Exchange.

## 20. INTERESTS IN JOINT OPERATIONS

The Company has interests in the following joint operations:

Name	Principal Activities	Country	Interest		Carrying Amount	
			2019 %	2018 %	2019 \$	2018 \$
Orpheus Project	Exploration for nickel, copper and gold in the Fraser Range	Australia	70	70	350,000	350,000

### Orpheus Project

Constellation Resources has a 70% interest in the unincorporated Orpheus Joint Venture with Enterprise Metals Limited (30% interest). The Orpheus Joint Venture area consists of four tenements (E28/2403, E63/1281, E63,1282 and E63/1695) in the prospective Fraser Range province.

Constellation Resources is required to sole fund all joint operation activities until the date it delivers a Bankable Feasibility Study for a Mining Area to Enterprise Metals Limited.

## 21. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company operates in one segment, being exploration for mineral resources and in one geographical location being Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Company.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Overview

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. The main risk arising from the Company's financial instruments is liquidity risk.

This note presents information about the Company's exposure to the above risk, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Company's financial risk management policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Company does not enter into derivative transactions to mitigate the financial risks. In addition, the Company's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Company's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Company's financial risks as summarised below.

### (a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Company will always have sufficient liquidity to meet its liabilities when due.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

2019	≤6 Months A\$	6-12 Months A\$	1-5 Years A\$	≥5 Years A\$	Total A\$
<b>Financial Liabilities</b>					
Trade and other payables	100,925	-	-	-	100,925
	<b>100,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,925</b>

2018	≤6 Months A\$	6-12 Months A\$	1-5 Years A\$	≥5 Years A\$	Total A\$
<b>Financial Liabilities</b>					
Trade and other payables	304,133	-	-	-	304,133
Borrowings	100,000	-	-	-	100,000
	<b>404,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>404,133</b>

### (b) Commodity Price Risk

The Company is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Company's control. As the Company is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

### (c) Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while financing the development of its projects through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of the Company, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year. During the next 12 months, the Company will continue to explore financing opportunities, primarily consisting of additional issues of equity should it be required.

### (d) Fair Value

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The net fair value of financial assets and financial liabilities approximates their carrying value as at 30 June 2019 and 30 June 2018. The methods for estimating fair value are outlined in the relevant notes to the financial statements. The quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (e) Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2019	2018
	\$	\$
<b>Interest-bearing financial instruments</b>		
Cash and cash equivalents	5,589,116	33,189
	<b>5,589,116</b>	<b>33,189</b>

The Company's cash at bank and on hand had a weighted average floating interest rate at year end of 2.22% (2018: 0.00%). The Company currently does not engage in any hedging or derivative transactions to manage interest rate risk.

### Interest rate sensitivity

A sensitivity of 20 basis points has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 20 basis point movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, remain constant. The analysis is performed for the current period as cash reserves were not held in the prior year for a significant period.

	Profit or loss		Other Comprehensive Income	
	20bp Increase	20bp Decrease	20bp Increase	20bp Decrease
<b>2019</b>				
Cash and cash equivalents	24,775	(24,775)	24,775	(24,775)

### (f) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Company. The carrying amount of the Company's financial assets represents the maximum credit risk exposure, as represented below:

	2019	2018
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	5,589,116	33,189
Other receivables	44,519	3,614
	<b>5,633,635</b>	<b>36,803</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2019  
(Continued)



The Company does not have any customers and accordingly does not have any significant exposure to credit losses. Other receivables comprise primarily GST refunds and interest receivable. At 30 June 2019, none (2018: none) of the Company's receivables are past due. No impairment losses on receivables have been recognised. With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from historical default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

## 23. COMMITMENTS

As a condition of retaining the current rights to tenure to exploration tenements, the Company is required to pay an annual rental charge and meet minimum expenditure requirements for each tenement. These obligations are not provided for in the financial statements and are at the sole discretion of the Company:

	2019	2018
	\$	\$
<b>Commitments for exploration expenditure:</b>		
Not longer than 1 year	273,500	373,201
Longer than 1 year and shorter than 5 years	86,149	313,289
	<b>359,649</b>	<b>686,490</b>

## 24. CONTINGENT ASSETS AND LIABILITIES

As at the date of this report, no material contingent assets or liabilities had been identified as at 30 June 2019 (2018: nil).

## 25. AUDITORS' REMUNERATION

	2019	2018
	\$	\$
Amounts received or due and receivable by William Buck for:		
• an audit or review of the financial report of the Company	15,300	13,000
• other services in relation to the Company	1,000	6,000
	<b>16,300</b>	<b>19,000</b>

In the current year, other services provided by William Buck relate to a Form 5 tenement expenditure audit whilst in the prior year, the other services relate to the Investigating Accountant's report undertaken as part of the Company's Prospectus.

## 26. EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, there are no matters or circumstances which have arisen since 30 June 2019 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2019, of the Company;
- the results of those operations, in financial years subsequent to 30 June 2019, of the Company; or
- the state of affairs, in financial years subsequent to 30 June 2019, of the Company.



## DIRECTORS' DECLARATION



In accordance with a resolution of the directors of Constellation Resources Limited:

1. In the opinion of the directors:
  - (a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
    - (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and
    - (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company); and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.
3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the Board

A handwritten signature in blue ink, appearing to read "P. Woodman".

**PETER WOODMAN**  
Managing Director

23 August 2019

## Constellation Resources Limited

### Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Constellation Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2019, 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, and notes to the financial statements, including 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 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

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

#### CHARTERED ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road  
South Perth WA 6151  
PO Box 748  
South Perth WA 6951  
Telephone: +61 8 6436 2888  
[williambuck.com](http://williambuck.com)

## Constellation Resources Limited

### Independent auditor's report to members

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

#### Key Audit Matter

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. The key audit matter was 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 this matter.

CARRYING VALUE OF EXPLORATION COST	
Area of focus Refer also to notes 1(g) and 8	How our audit addressed it
<p>The Company has capitalised exploration costs relating to the Orpheus Project located in the Fraser Range area. There is a risk that accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate and that capitalised costs exceed the value in use.</p> <p>An impairment review is only required if an impairment trigger is identified. Due to the nature of the mining industry, indicators of impairment applying the value in use model include:</p> <ul style="list-style-type: none"> <li>— Significant decrease seen in global mineral prices</li> <li>— Changes to exploration plans</li> <li>— Loss of rights to tenements</li> <li>— Changes to reserve estimates</li> <li>— Costs of extraction and production</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation of whether there are any indicators of impairment to capitalised costs.</li> <li>— Assessing the viability of the tenements and whether there were any indicators of impairment to those costs capitalised in the current period.</li> <li>— We assessed the adequacy of the Company's disclosures in respect of the transactions.</li> </ul>

## **Constellation Resources Limited**

### **Independent auditor's report to members**

#### **Other Information**

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

## Constellation Resources Limited

### Independent auditor's report to members

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf)

This description forms part of our independent auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 9 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Constellation Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

William Buck

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

CM

Conley Manifis  
Director

Dated this 23<sup>rd</sup> day of August 2019

## CORPORATE GOVERNANCE STATEMENT

Constellation Resources Limited ("Constellation Resources" or "Company") believes corporate governance is important for the Company in conducting its business activities.

The Board of the Company has adopted a suite of charters and key corporate governance documents which articulate the policies and procedures followed by the Company.

These documents are available in the Corporate Governance section of the Company's website, [www.constellationresources.com.au](http://www.constellationresources.com.au). These documents are reviewed annually to address any changes in governance practices and the law.

The Company's Corporate Governance Statement 2019, which explains how Constellation Resources complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' in relation to the year ended 30 June 2019, is available in the Corporate Governance section of the Company's website, [www.constellationresources.com.au](http://www.constellationresources.com.au) and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

In addition to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, which currently only undertakes mineral exploration and development activities;
- cost verses benefit of additional corporate governance requirements or processes;
- size of the Board;
- Board's experience in the resources sector;
- organisational reporting structure and number of reporting functions, operational divisions and employees;
- relatively simple financial affairs with limited complexity and quantum;
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

## ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 July 2019.

### 1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES (ORDINARY SHARES)

The names of the twenty largest holders of listed securities are listed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares
Arredo Pty Ltd	2,400,000	6.86
Bennelong Resource Capital Pty Ltd	1,641,103	4.69
Zero Nominees Pty Ltd	1,200,000	3.43
Croesus Mining Pty Ltd <Steinpreis Super Fund A/C>	1,044,814	2.99
Beelong Pty Ltd <Johnson Family Fund A/C>	1,000,000	2.86
Mr Thomas Francis Corr	950,000	2.71
HSBC Custody Nominees (Australia) Limited	825,000	2.36
Cantori Pty Ltd <Cantori Superfund A/C>	805,950	2.30
DRFT Management Pty Ltd <D Roberts Invest No 2 A/C>	680,000	1.94
Mr Mark Pearce	600,000	1.71
MDC Funds Pty Ltd	600,000	1.71
Croesus Mining Pty Ltd <The Second Super Fund A/C>	585,000	1.67
Chellit Pty Ltd <The Madmit A/C>	553,787	1.58
Argonaut Securities (Nominees) Pty Ltd <ASPL Client No 6 A/C>	529,704	1.51
Mr Peter Woodman	500,000	1.43
Mark Stuart Savage	500,000	1.43
Mr Robert Arthur Behets & Mrs Kristina Jane Behets <Behets Family A/C>	500,000	1.43
Aegean Capital Pty Ltd <The Spartacus A/C>	500,000	1.43
Verve Investments Pty Ltd	420,000	1.20
Hopetoun Consulting Pty Ltd <M Syme Super Fund A/C>	420,000	1.20
Aristo Capital Pty Ltd <Odyssey A/C>	400,000	1.14
Beelong Pty Ltd <Johnson Super Fund A/C>	400,000	1.14
6466 Investments Pty Ltd	399,716	1.14
E-Mines <SIRET: 537 837 882 00019>	375,000	1.07
Cygnus 1 Nominees Pty Ltd <Cygnus Account>	360,260	1.03
Mr Kevin Mark Johnson	350,000	1.00
<b>Total Top 20</b>	<b>18,540,334</b>	<b>52.97</b>
Others	16,459,766	47.03
<b>Total Ordinary Shares on Issue</b>	<b>35,000,100</b>	<b>100.0</b>

## ASX ADDITIONAL INFORMATION (Continued)

### 2. DISTRIBUTION OF EQUITY SECURITIES (ORDINARY SHARES)

Analysis of numbers of holders by size of holding:

Distribution	Number of Shareholders	Number of Shares
1 – 1,000	7	481
1,001 – 5,000	27	88,589
5,001 – 10,000	40	337,967
10,001 – 100,000	238	9,019,631
More than 100,000	63	25,553,432
<b>Totals</b>	<b>375</b>	<b>35,000,100</b>

There were 13 holders of less than a marketable parcel of ordinary shares.

### 3. TWENTY LARGEST HOLDERS OF LISTED SECURITIES (OPTIONS)

The names of the twenty largest holders of listed securities are listed below:

Name	No of Options Held	Percentage of Issued Options
Mr Paul Lay	1,868,309	16.01
Arredo Pty Ltd	800,000	6.86
HSBC Custody Nominees (Australia) Limited	421,792	3.62
Zero Nominees Pty Ltd	400,000	3.43
Mr Kevin Mark Johnson	350,000	3.00
Aukera Capital Pty Ltd <Aukera Discretionary A/C>	200,000	1.71
Mr Mark Pearce	199,999	1.71
Mrs Vanessa Ruben	178,664	1.53
Verve Investments Pty Ltd	167,589	1.44
Mr Rodney Linton Roberts	167,013	1.43
Mr Peter Woodman	166,666	1.43
Dog Meat Pty Ltd <DM A/C>	166,666	1.43
Mr Robert Arthur Behets & Mrs Kristina Jane Behets <Behets Family A/C>	166,666	1.43
Mr Jeremy David Ruben & Mrs Vanessa Ruben <JVR S/F A/C>	165,031	1.41
Hopetoun Consulting Pty Ltd <M Syme Super Fund A/C>	139,999	1.20
GP Securities Pty Ltd	138,211	1.18
Aristo Capital Pty Ltd <Odyssey A/C>	133,333	1.14
Mr Steven Charles Mitter	126,066	1.08
E-Mines <SIRET: 537 837 882 00019>	125,000	1.07
Eaglestein Pty Ltd <Seamac Superannuation A/C>	109,499	0.94
Beelong Pty Ltd <Johnson Super Fund A/C>	100,000	0.86
Mr Andrew Macpherson & Mr Shaun William Boyle	97,666	0.84
<b>Total Top 20</b>	<b>6,388,169</b>	<b>54.76</b>
Others	5,278,233	45.24
<b>Total Ordinary Shares on Issue</b>	<b>11,666,402</b>	<b>100.0</b>



#### 4. DISTRIBUTION OF EQUITY SECURITIES (OPTIONS)

Analysis of numbers of holders by size of holding:

Distribution	Number of Option Holders	Number of Options
1 – 1,000	5	4,472
1,001 – 5,000	34	104,160
5,001 – 10,000	124	948,401
10,001 – 100,000	128	4,418,866
More than 100,000	20	6,190,503
<b>Totals</b>	<b>311</b>	<b>11,666,402</b>

There were 40 holders of less than a marketable parcel of listed options.

#### 5. VOTING RIGHTS

See Note 12(c) of the Notes to the Financial Statements.

#### 6. SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder notices have been received from the following:

Substantial Shareholder	Number of Shares
Arredo Pty Ltd	2,400,000
Croesus Mining Pty Ltd <Steinepreis Super Fund A/C>, Croesus Mining Pty Ltd <The Second Super Fund A/C>, Cetacean Petroleum Pty Ltd, Mansmar Investments Pty Ltd, Mark David Steinepreis and Judith Elizabeth Steinepreis	1,909,814

#### 7. RESTRICTED SECURITIES

The following securities are considered restricted and in escrow for a period of 24 months from the date of official quotation of the Company's securities to the Australian Securities Exchange being 30 July 2018:

- 3,000,000 Unlisted Options exercisable at \$0.20 each on or before 31 July 2021;
- 300,000 Unlisted Options exercisable at \$0.25 each on or before 9 April 2021;
- 300,000 Unlisted Options exercisable at \$0.30 each on or before 9 October 2021; and
- 400,000 Unlisted Options exercisable at \$0.40 each on or before 9 April 2022.

#### 8. ON-MARKET BUY BACK

There is currently no on-market buyback program for any of Constellation Resources Limited's listed securities.

#### 9. UNQUOTED SECURITIES

The names of the security holders holding 20% or more of an unlisted class of security at 31 July 2019, other than those securities issued or acquired under an employee incentive scheme, are listed below:

Holder	\$0.20 Options Expiring 31-Jul-21	\$0.25 Options Expiring 9-Apr-21	\$0.30 Options Expiring 9-Oct-21	\$0.40 Options Expiring 9-Apr-22
Mr Peter Woodman	-	300,000	300,000	400,000
Apollo Minerals Limited	3,000,000	-	-	-
<b>Total</b>	<b>3,000,000</b>	<b>300,000</b>	<b>300,000</b>	<b>400,000</b>
<i>Total holders</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>

## ASX ADDITIONAL INFORMATION (Continued)

### 10. MINERAL RESOURCES STATEMENT

To date, the Company has not reported any Mineral Resources or Ore Reserves for its exploration projects.

### 11. CASH USE

The Company has used its cash and assets in a form readily convertible to cash that it had at time of admission to the Australian Securities Exchange (26 July 2018) through to the date of this report in a way that is consistent with its business objectives.

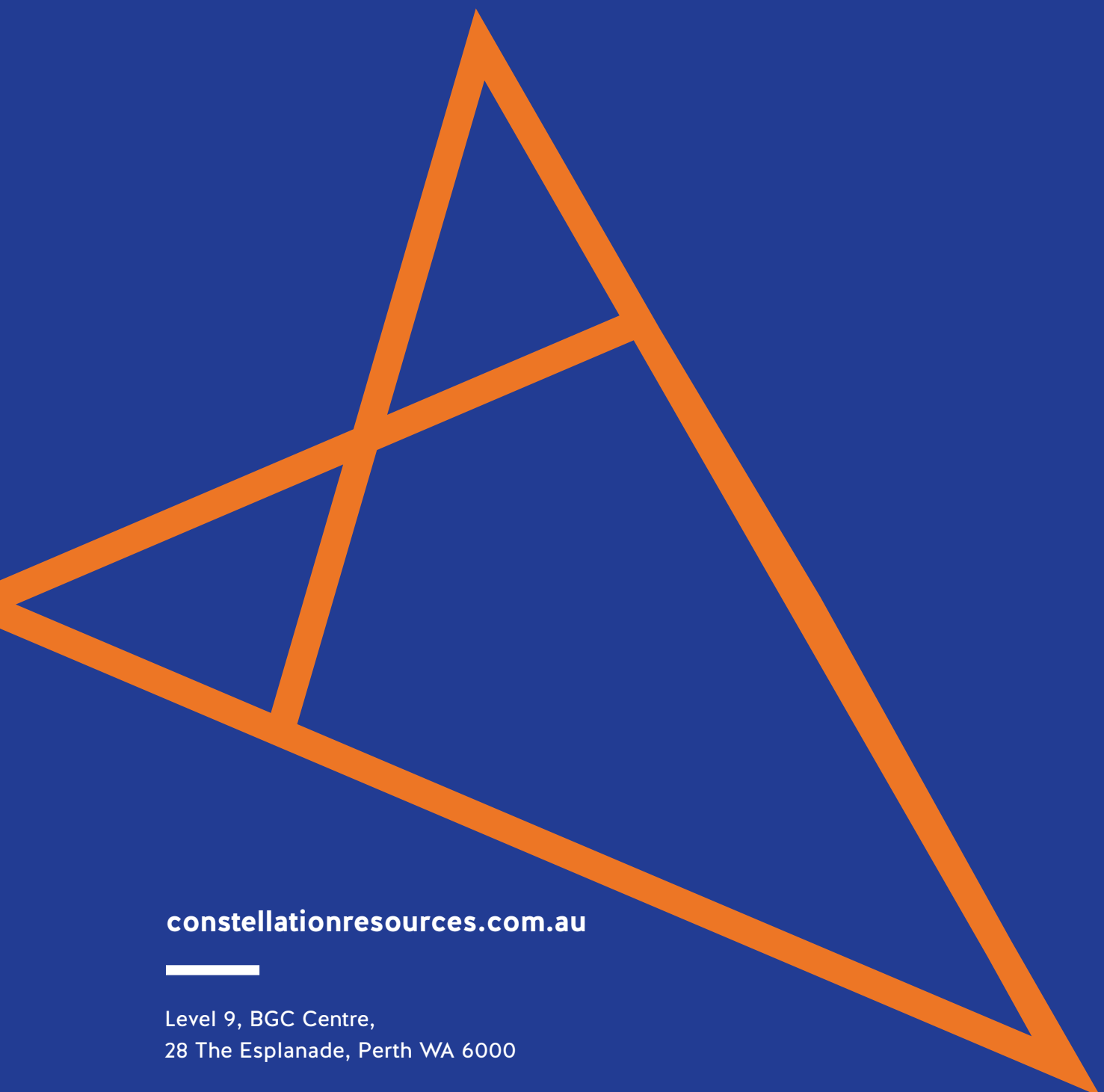
### 12. EXPLORATION INTERESTS

Reference	Project	State	Status	Interest
E28/2403	Orpheus Project	Western Australia	Granted	70%
E63/1281	Orpheus Project	Western Australia	Granted	70%
E63/1282	Orpheus Project	Western Australia	Granted	70%
E28/2738	Orpheus Project	Western Australia	Granted	100%
E63/1695	Orpheus Project	Western Australia	Application	70%

### 13. FORWARD LOOKING STATEMENTS

This report may include forward-looking statements. These forward-looking statements are based on Constellation Resources' expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Constellation Resources, which could cause actual results to differ materially from such statements. Constellation Resources makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.





**[constellationresources.com.au](http://constellationresources.com.au)**



Level 9, BGC Centre,  
28 The Esplanade, Perth WA 6000