



MINCOR RESOURCES NL

ABN 42 072 745 692

FINANCIAL REPORT

30 JUNE 2019

FINANCIAL REPORT 2019

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These financial statements are the consolidated financial statements of the Group consisting of Mincor Resources NL and its subsidiaries. The financial statements are presented in Australian currency.

Mincor Resources NL is a company incorporated and domiciled in Australia.

The Company's registered office is:
Ground Floor, 9 Havelock Street
West Perth, Western Australia, 6005
AUSTRALIA

The financial statements were authorised for issue by the Board of Directors ("**the Board**") on 28 August 2019. The Board has the power to amend and reissue the financial statements.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The Directors present their report together with the consolidated financial statements of the Group comprising of Mincor Resources NL ("Mincor" or the "Company") and its subsidiaries for the financial year ended 30 June 2019 and the auditor's report thereon. The Directors' report and consolidated financial statements are presented in Australian dollars, except where otherwise indicated.

DIRECTORS

The names and particulars of the Directors of Mincor during the financial year and up to the date of this report are:

Name	Particulars		
Brett Thomas Lambert BAppSc (Mining Engineering), MAICD Appointed 1 January 2017 Appointed Non-Executive Chairman 6 February 2018	Non-executive Chairman (Independent) Mr Lambert is a mining engineer and experienced company director who joined the Company as a Non-executive Director on 1 January 2017 and was appointed Non-executive Chairman on 6 February 2018. He has over 35 years' involvement in the Australian and international resources industry encompassing mining operations, project development, business development and corporate administration. After graduating from the Western Australian School of Mines, Mr Lambert commenced his professional career with Western Mining Corporation ("WMC") at Kalgoorlie in 1983. He progressed to a senior management position with WMC before leaving to take responsibility for the development of Herald Resources' Three Mile Hill gold mine at Coolgardie. Mr Lambert has since held senior roles with a number of junior and mid-tier resource companies, including more than 10 years at Chief Executive Officer/Managing Director level. Mr Lambert has served as a director of companies listed on the Australian Securities Exchange ("ASX"), London's Alternative Investment Market, the Toronto Stock Exchange and the Stock Exchange of Thailand.		
	Special responsibilities Chairman of the Board and member of the Audit and Risk Committee and Nomination and Remuneration Committee.	Other current directorships Australian Potash Limited (appointed 9 May 2017).	Former directorships in last 3 years Tao Commodities Limited (2017). De Grey Mining Limited (2017–2019).
David Clifford Southam BComm, CPA, MAICD Appointed 1 February 2019	Managing Director Mr Southam joined Mincor on 1 February 2019 as Managing Director and holds a Bachelor of Commerce degree from Curtin University. Mr Southam has significant experience as a senior executive and director of ASX200 companies. He is a Certified Practising Accountant with more than 25 years' experience in accounting, capital markets and finance across the resources and industrial sectors. Mr Southam held the key role of executive director at successful nickel producer, Western Areas Limited, immediately prior to his appointment at Mincor. He has been intimately involved in several large project financings in multiple jurisdictions and has completed significant capital market and mergers and acquisitions transactions. Mr Southam has completed several billion dollars offtake agreements in base metals and bulk commodities and holds extensive industry experience in nickel and other battery metal industries.		
	Special responsibilities None.	Other current directorships Ramelius Resources Limited (appointed 2 July 2018).	Former directorships in last 3 years Western Areas Limited (2010–2019). Kidman Resources Limited (2017–2019).

DIRECTORS' REPORT

Name	Particulars		
Michael Andrew Bohm BAppSc (Mining Engineering), MAusIMM, MAICD Appointed 1 January 2017	Non-executive Director (Independent) Mr Bohm joined Mincor on 1 January 2017 as a Non-executive Director and he is a qualified mining professional with extensive corporate, project development and mine operations experience in Australia, South-East Asia, Africa, Chile, North America and Europe. A graduate of the Western Australian School of Mines, Mr Bohm has worked as a mining engineer, mine manager, study manager, project manager, project director and managing director. He has been directly involved in a number of new project developments in the gold, nickel and diamond sectors both in Australia and offshore. Mr Bohm's experience includes previous directorships at Argyle Diamond Mines, ASX listed Sally Malay Mining Limited (now Panoramic Resources Limited), Tawana Resources Limited (now Alita Resources Limited) and Perseus Mining Limited and Toronto Stock Exchange listed Ashton Mining of Canada Inc.		
	Special responsibilities Chair of the Nomination and Remuneration Committee and member of the Audit and Risk Committee.	Other current directorships Ramelius Resources Limited (appointed 2 November 2012). Cygnus Gold Limited (appointed Chairman 30 September 2016).	Former directorships in last 3 years Berkut Minerals Limited (2016–2017). Perseus Mining Limited (2009–2018).
Liza Carpena MBA, FGIA, FCIS, GAICD Appointed 16 April 2018	Non-executive Director (Independent) Ms Carpena was appointed as a Non-executive Director of Mincor on 16 April 2018 and has worked in the resources industry for more than 20 years, and has significant experience in corporate administration, HR, legal, IT and stakeholder relations. Up until February 2018, Ms Carpena was part of Northern Star Resources Limited's (" Northern Star ") Executive Team responsible for its transformational growth, through a combination of acquisition, organic growth and divestment, to an ASX100 company. Prior to Northern Star, Ms Carpena was Company Secretary/Chief Financial Officer for ASX listed exploration companies, Venturex Resources Limited and Newland Resources Limited, and previously held various site and Perth based management roles with Great Central Mines Limited, Normandy Mining Limited, Newmont Australia Limited, Agincourt Resources Limited and Oxiana Limited. Ms Carpena has a Master of Business Administration and a Graduate Diploma in Applied Corporate Governance. She is also a Chartered Secretary and a Graduate of the Australian Institute of Company Directors.		
	Special responsibilities Chair of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.	Other current directorships Alchemy Resources Limited (appointed 18 March 2015).	Former directorships in last 3 years None.
Peter Muccilli BSc (Major in Geology), MAusIMM Appointed 30 November 2016 Resigned 31 January 2019	Former Managing Director Mr Muccilli was appointed as Managing Director on 30 November 2016 and resigned from his position effective 31 January 2019. Mr Muccilli is a geologist with 26 years' experience and has obtained a Geology degree from Curtin University. Whilst working with Mincor since 2004, he fulfilled various roles including Exploration Manager – Kambalda, Chief Operating Officer, Chief Executive Officer with his last role as Managing Director. Mr Muccilli has extensive experience in mining, exploration and the commissioning of mines.		
	Special responsibilities None.	Other current directorships None.	Former directorships in last 3 years Mincor Resources NL (2016–2019).

COMPANY SECRETARY

The name of the Company Secretary of Mincor during the financial year ended 30 June 2019 and to the date of this report is:

Name	Particulars
Shannon Coates LLB, B(Juris), AGIA, ACIS, GAICD Appointed 17 November 2017	Company Secretary Ms Coates has over 20 years' experience in corporate law and compliance. She is currently a Director of Evolution Corporate Services and also company secretary to a number of ASX listed companies. She has provided company secretarial and corporate advisory services to boards across a variety of industries, including mining and oil and gas exploration and development, financial services, manufacturing and technology both in Australia and internationally. Ms Coates is a qualified lawyer, Chartered Secretary and a Graduate of the Australian Institute of Company Directors.

REVIEW OF OPERATIONS AND SIGNIFICANT EVENTS

Kambalda Landholdings

The Company's key assets consist of strategic landholdings in the Kambalda District of Western Australia, a major nickel and gold producing area with significant developed mining infrastructure.

Kambalda Nickel Operations

Nickel Offtake Agreement with BHP Nickel West

In March 2019, the Company signed a term sheet which set out the major operating principles for a binding Ore Tolling and Concentrate Purchase Agreement ("**Offtake Agreement**") with BHP Billiton Nickel West Pty Ltd ("**BHP Nickel West**"). The Offtake Agreement was finalised and signed subsequent to year-end, on 2 August 2019. The Offtake Agreement replaces the historical 20-year agreement Mincor held with BHP Nickel West, which expired in February 2019. The arrangement with BHP Nickel West represents a key foundation to the Company's plans to recommence nickel mining operations in the Kambalda District.

The Offtake Agreement reflects modern nickel concentrate sale terms and represents a significant commercial improvement from the prior agreement. BHP Nickel West will process Mincor's ore at its Kambalda Nickel Concentrator which was designed to process Kambalda nickel ore.

Acquisition of the Long Nickel Operation from Independence Group NL

On 23 May 2019, Mincor announced the acquisition of the Long Nickel Operation ("**Long**") from Independence Group NL ("**IGO**"). The purchase consideration consisted of:

- Upfront consideration of \$3,500,000, through the issue of 7,777,778 fully-paid shares in Mincor at a deemed issue price of \$0.45 per share on 3 June 2019 (escrowed for 12 months); and
- Contingent consideration totalling \$6,000,000 on achievement of the following milestones:
 - \$2,000,000 payable on production of 2,500 tonnes of contained nickel in ore from Long; and
 - \$4,000,000 payable on production of 7,500 tonnes of contained nickel in ore from Long with the Company maintaining sole discretion to pay the contingent consideration in either cash or Mincor shares.

Strategically situated near Mincor's Durkin deposits, Long is an underground nickel sulphide mine with an extensive production history dating back to 1979. Following 16 years of consistent production (~10ktpa of nickel per annum), it was placed into care and maintenance by IGO in June 2018. Long has been well maintained since then, with all key mining infrastructure and assets in place and the underground mine remaining de-watered and ventilated.

Long represents a strategic addition to Mincor's Kambalda nickel sulphide portfolio which further consolidates the Company's dominant Kambalda landholding as part of the Company's nickel restart strategy.

DIRECTORS' REPORT

Nickel Resource Extension and Exploration

During the financial year, the Company continued with its nickel strategy to accelerate exploration activities to increase its nickel inventory across the portfolio. Key results included:

- Maiden Mineral Resource announced for Cassini (refer to ASX announcement dated 1 August 2018), and followed up with a 52% increase (refer to ASX announcement dated 23 April 2019);
- Infill aircore drilling results from Juno 4, located 4km south of Cassini, demonstrating the continuity of the basal contact and nickel mineralisation in the greater Cassini area;
- Extensional diamond drilling at Ken/McMahon nickel project increasing Mineral Resources (refer to ASX Announcement dated 23 April 2019); and
- Maiden Mineral Resource estimate established for Durkin Oxide (refer to ASX announcement dated 23 July 2019).

Nickel Studies

With the processing and offtake pathway secured with BHP Nickel West, the growth in the Cassini nickel Mineral Resource together with the acquisition of Long, the Company is aiming to deliver a Definitive Feasibility Study on an integrated mine plan late in the December 2019 quarter.

Widgiemooltha Gold Project

Gold production commenced at Widgiemooltha Gold Project ("WGP") with the first gold poured in July 2018. Total gold production for the financial year was 22,667 ounces, which was sold to the Perth Mint at an average gold price of \$1,786 per ounce.

During June 2019, following the completion of a strategic review of the Company's gold assets, Mincor announced the wind-down of mining at WGP. Mining activities are planned to cease by 31 August 2019 following completion of mining at the Flinders West, Hronsky and Darlek pits.

The Company also finalised a new toll processing agreement at the Lakewood facility in Kalgoorlie, following the 30 June 2019 expiry of the Toll Treatment Agreement with Avoca Mining Pty Ltd at the Higginsville processing plant. The remaining ore tonnes will be processed through the Lakewood facility until midway through the December 2019 quarter.

Tottenham Joint Venture – New South Wales

During the financial year, the Company's joint venture partner at the Tottenham Copper Project, Bacchus Resources Pty Ltd ("Bacchus"), elected to proceed with the Second Option, whereby it can increase its interest in the project to a maximum of 30% by continuing its exploration expenditure to a cumulative total of \$700,000. Bacchus is expected to meet its second earn-in to a 30% interest which will be ratified in FY2020.

Corporate

Capital Raising

During May 2019, the Company raised \$18,000,000 (before costs) through a share placement ("Placement"). A total of 45,000,000 new fully-paid ordinary shares were issued at \$0.40 per share. IGO contributed in the Placement and is now a 4.2% shareholder of Mincor, when combined with the acquisition shares issued as part of the Long transaction.

Mincor also announced a Share Purchase Plan ("SPP") on 24 May 2019 with a target to raise \$5,000,000 providing existing shareholders with the opportunity to participate on the same pricing terms as the Placement. The SPP opened on 30 May 2019 and closed early on the 21 June 2019 due to high demand, raising a total of \$5,300,000 (before costs). There was no scaling back of applications received from the SPP. Mincor issued 13,297,500 new fully-paid ordinary shares at \$0.40 per share on 27 June 2019.

Funds raised pursuant to the Placement and SPP have and will be used for exploration and drilling activities, feasibility studies for an integrated mine restart, operational readiness activities and potential pre-production capital expenditure, general corporate and working capital purposes and costs associated with the acquisition of Long, the Placement and SPP.

Board Structure and Executives

On 1 February 2019, Mr Southam was appointed as Managing Director following the resignation of Mr Muccilli effective 31 January 2019.

On 17 June 2019, the Company announced the appointment of highly experienced mining executive Mr Dean Will as Chief Operating Officer, effective 1 July 2019.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activity of the companies in the Group, consisting of Mincor Resources NL and its subsidiaries, during the course of the year were exploration and mining for mineral resources.

There were no significant changes in nature of the activities of the Group during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as noted elsewhere in this report, there have been no significant changes in the state of affairs of the Group during the financial year.

GROUP RESULTS

During the financial year, the Company commenced gold production from WGP. Gold and silver revenue generated from WGP totalled \$40,537,000 and cost of sales totalled \$40,382,000.

The Group incurred loss after tax of \$13,749,000 for the financial year. The loss was predominately attributable to exploration expenditure totalling \$9,014,000 and an impairment expense of \$2,187,000 for the WGP assets.

At 30 June 2019, the Group's cash balances totalled \$29,189,000.

DIVIDENDS

The Directors recommend that no dividend to be declared or paid (2018: Nil).

MEETINGS OF DIRECTORS

The number of Board and committee meetings attended by each Director during the financial year were:

	Directors Meetings		Committee Meetings			
			Audit and Risk ²		Nomination and Remuneration	
	Number attended	Number available	Number attended	Number available	Number attended	Number available
BT Lambert	9	9	5	5	9	9
MA Bohm	9	9	5	5	9	9
L Carpena	9	9	5	5	9	9
D Southam ¹	5	5	-	-	-	-
P Muccilli ¹	4	4	-	-	-	-

1) Mr Southam was appointed as Managing Director on 1 February 2019, replacing Mr Muccilli who resigned effective 31 January 2019.

2) The Board resolved to delegate responsibility for risk oversight to the Audit Committee on 13 August 2018.

FUTURE DEVELOPMENTS

Details of important developments occurring in the financial year have been covered in the Review of Operations. The Company will continue to actively explore for minerals, and any significant information or data will be released to the market and the shareholders pursuant to the Continuous Disclosure rules as and when they are to hand.

DIRECTORS' REPORT

REMUNERATION REPORT

This Remuneration Report, which forms part of the Directors' Report, sets out the information on the remuneration of the key management personnel ("KMP") of the Company for the financial year ended 30 June 2019. The information in the Remuneration Report has been prepared in accordance with Section 300A of the *Corporations Act 2001 (Cth)* and has been audited as required by Section 308 (3C) of the *Corporations Act 2001*.

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

- a) Key Management Personnel
- b) Remuneration Policy
- c) Principles Used to Determine the Nature and Amount of Remuneration
- d) Link Between Performance and Remuneration Outcomes
- e) Details of Remuneration
- f) Service Agreements
- g) Share Based Compensation
- h) Shareholdings of Key Management Personnel
- i) Other Transactions with Key Management Personnel

a) Key Management Personnel

The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company. For the purpose of this report, the term 'Executive' encompasses the Managing Director and other executives.

The following people were KMP during the financial year and unless otherwise indicated were KMP for the entire financial year:

Directors	Position	Executives	Position
BT Lambert	Non-executive Chairman	C Sun	Chief Financial Officer
MA Bohm	Non-executive Director	RJ Hartley	Exploration Manager
L Carpine	Non-executive Director		
D Southam ¹	Managing Director		
P Muccilli ¹	Former Managing Director		

1) Mr Southam was appointed as Managing Director on 1 February 2019, replacing Mr Muccilli who resigned effective 31 January 2019.

b) Remuneration Policy

Mincor's remuneration policy is designed to provide rewards that:

- attract, motivate and retain executives;
- align executive interests with the Company's strategic and business objectives and the creation of shareholder value;
- incentivise executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- provide remuneration arrangements that are competitive by market standards; and
- comply with applicable legal requirements and appropriate standards of governance.

c) Principles Used to Determine the Nature and Amount of Remuneration

The Company's remuneration policy is overseen by the Nomination and Remuneration Committee on behalf of the Board. The Committee is responsible for making recommendations to the Board on the:

- Company's remuneration policy and framework;
- remuneration for Non-executive Directors;
- remuneration for executives; and
- terms and conditions of employee incentive schemes.

The Nomination and Remuneration Committee Charter is approved by the Board and is published on the Company's website.

Remuneration levels of executives are set by reference to other similar-sized mining and exploration companies with similar risk profiles. The Company's remuneration practices are designed to attract, retain, motivate and reward high calibre individuals capable of delivering the strategic objectives of the business.

DIRECTORS' REPORT

Remuneration levels for executives are determined by the Board based upon recommendations from the Nomination and Remuneration Committee. Remuneration of Non-executive Directors is determined by the Board within the Director remuneration fee pool limit approved by the shareholders from time to time. The Board undertakes an annual review of its performance against goals set at the start of the year. No bonuses are paid to Non-executive Directors.

The Company's remuneration framework aligns KMP remuneration with the achievement of strategic objectives and the creation of value for shareholders. The Nomination and Remuneration Committee ensures that the remuneration of KMP is competitive and reasonable, acceptable to shareholders, and aligns remuneration with performance. The structure and level of remuneration for KMP is reviewed annually by the Nomination and Remuneration Committee and approved by the Board taking into consideration the Company's circumstances and performance.

Remuneration of Non-executive Directors

Fees and payments to Non-executive Directors reflect the time commitment and responsibilities of their role and are reviewed annually by the Board. The Board periodically reviews whether to obtain advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market.

Directors' fees

Fees for the Chairman and Non-executive Directors are determined within an aggregate Director fee pool limit of \$350,000, which has remained unchanged since last approved by shareholders in 2006. During the year the Chairman's and other Non-executive Directors' remuneration was inclusive of all committee fees. Remuneration for non-executive directors is not linked to individual performance.

All Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

Non-executive Directors are not provided with retirement benefits other than statutory superannuation.

Remuneration of Executives

The Company's remuneration policy for executives is designed to promote performance and long-term commitment to the Company. In considering the Company's performance in relation to the remuneration policy, due regard is given to shareholder wealth creation including movements in the market value of the Company's shares.

The intention of the Company's remuneration framework is to ensure remuneration and reward structures are aligned with shareholders' interests by:

- being market competitive to attract and retain high calibre individuals;
- rewarding superior individual performance;
- recognising the contribution of each KMP to the continued growth and success of the Company; and
- linking long-term incentives to shareholder value.

To achieve these objectives, the remuneration structure of executives provides a combination of fixed and variable pay, and comprises of:

- total fixed remuneration, inclusive of base pay, superannuation and other benefits;
- performance based short-term incentives; and
- performance based long-term incentives.

i) Total fixed remuneration

Total fixed remuneration ("TFR") for each executive is influenced by the nature and responsibilities of each role and the knowledge, skills and experience required for each position. TFR comprises a base salary inclusive of statutory superannuation and other benefits.

Base salary for each executive is reviewed annually by the Nomination and Remuneration Committee and approved by the Board. The process includes a review of the Company and individual's performance and the market rate for the position, which is determined with the assistance of external advisors (where necessary) and reference to relevant surveys and reports. There is no guaranteed base pay increase included in any executive contracts.

ii) Short-term incentives

Short-term incentives ("STIs") comprise generally a cash bonus or incentive. The STIs are structured as performance-based remuneration which are linked to achievement of shorter-term performance targets or objectives in a period of 12 months.

DIRECTORS' REPORT

STIs payments are recommended by the Nomination and Remuneration Committee and approved at the discretion of the Board based on the attainment of Key Performance Indicators ("KPIs"). KPIs are set annually by the Nomination and Remuneration Committee and approved by the Board.

The KPIs for FY2019 for the executives, other than Mr Southam, were linked to the areas of gold production and cost, nickel ore resources and reserves and safety performance. As Mr Southam was appointed on 1 February 2019, his KPIs were linked to very specific strategic goals to facilitate the Company's long-term strategy.

iii) Long-term incentives

Long-term incentives ("LTIs") include Options or Performance Rights granted at the discretion of the Board, subject to obtaining relevant approvals if required, and vest on attainment of both time and performance hurdles. The LTIs are designed to align the remuneration of executives with creation of value for shareholders and provide a link between executive remuneration and the level of their performance and the performance of the Company.

During the financial year, the Board and shareholders approved the Mincor Resources NL Employee Equity Incentive Plan ("Incentive Plan"). Under the Incentive Plan, executives are granted incentive awards, subject to the Board's discretion on price and vesting conditions, which may comprise of shares, options and/or performance rights.

The Incentive Plan replaces the Mincor Employee Share Option Scheme ("ESOP") and the Performance Rights Plan, which LTIs were previously granted under.

iv) Share trading policy

The trading of shares issued to participants under any of the Company's employee equity plans is subject to, and conditional upon compliance with the Company's employee share trading policy. Executives are prohibited from entering into any hedging arrangements over unvested rights under the Company's employee incentive plans.

d) Link Between Performance and Remuneration Outcomes

The remuneration framework detailed above has been tailored with the objective of attracting and retaining high calibre individuals who contribute to the success of the Company, while maintaining alignment between Company performance and individual rewards. The remuneration policies seek a balance between the interests of stakeholders and competitive market remuneration levels.

Company Performance

The Company's performance for the financial year ended 30 June 2019 and the previous four financial years, and its impact on shareholder wealth as required to be disclosed under the *Corporation Act 2001 (Cth)* is summarised in the table below.

Year ended 30 June	2019	2018	2017	2016	2015
Loss for the year (\$m)	(\$13.7)	(\$4.7)	(\$4.2)	(\$42.0)	(\$34.3)
Earnings per shares (cents)	(6.1)	(2.3)	(2.2)	(22.3)	(18.2)
Market capitalisation (\$m)	126.2	83.7	34.0	56.5	107.3
Closing share price (\$) at 30 June	0.44	0.38	0.18	0.30	0.57

Short-Term Incentives

Subsequent to the year ended 30 June 2019, the Board determined to pay STIs to the Managing Director and other executives based on the following KPIs:

KPI	Maximum STI (% of pro-rata base salary)	STI earned (% of pro-rata base salary)
Managing Director		
Secure a nickel processing route	12.5%	12.5%
Implementation of a strategy which maximises the gold asset values	12.5%	12.5%
Increase institutional ownership	12.5%	12.5%
Achieve safety performance targets	12.5%	12.5%
Total	50.0%	50.0%

DIRECTORS' REPORT

KPI	Maximum STI (% of TFR)	STI earned (% of TFR)
Other Executives		
Gold production and All-In Sustaining Cost targets as set out by the Board	7%	0%
Increase/expand nickel Mineral Resources and Ore Reserves	8%	7%
Achieve safety performance targets	5%	5%
Individual performance	3%	3%
Total	23%	15%

In addition, the Board approved a once-off discretionary bonus of 5% of TFR to Ms Sun, in recognition of her significant contribution with respect to the acquisition of the Long Nickel Operation and the Offtake Agreement negotiations with BHP Nickel West.

Long-Term Incentives

Details on the Performance Rights issued to executives during the financial year are included in Section (g)(iii) of this report.

e) Details of Remuneration

Details of the remuneration for KMP are set out in the following tables.

2019	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments (LTI) ⁴		Total \$	Linked to performance %
Name	Directors fees \$	Salary \$	STI bonus \$	Other ³ \$	Super-annuation \$	Long service leave \$	Performance Rights \$	Options \$		
Non-executive Directors										
BT Lambert	90,000	-	-	-	8,550	-	-	-	98,550	-
MA Bohm	60,000	-	-	-	5,700	-	-	-	65,700	-
L Carpine	60,000	-	-	-	5,700	-	-	-	65,700	-
Subtotal	210,000	-	-	-	19,950	-	-	-	229,950	
Executive Director										
D Southam ¹	-	208,333	104,167	16,907	10,417	3,471	35,225	41,836	420,356	43%
P Muccilli ^{1,2}	-	182,261	16,250	150,467	11,977	-	-	-	360,955	-
Subtotal	-	390,594	120,417	167,374	22,394	3,471	35,225	41,836	781,311	
Other KMP										
C Sun ²	-	229,965	62,525	11,438	20,531	3,749	5,684	-	333,892	20%
RJ Hartley ²	-	234,074	51,100	(15,868)	20,531	(3,337)	5,798	-	292,298	19%
Subtotal	-	464,039	113,625	(4,430)	41,062	412	11,482	-	626,190	
TOTAL	210,000	854,633	234,042	162,944	83,406	3,883	46,707	41,836	1,637,451	

1) Mr Southam was appointed as Managing Director on 1 February 2019, replacing Mr Muccilli who resigned effective 31 January 2019.

2) Includes a cash bonus of \$16,250 to Mr Muccilli, \$12,525 to Ms Sun and \$12,775 to Mr Hartley which related to the 30 June 2018 financial year but approved and paid in the 30 June 2019 financial year.

3) Other Short-term Employee Benefits include FY2019 movement in annual leave provision and cash payment for annual leave and long-service leave on resignation.

4) Relates to the non-cash value of Performance Rights and Options which were expensed during the financial year.

DIRECTORS' REPORT

2018 Name	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments (LTI) ⁷		Total \$	Linked to performance %
	Directors fees \$	Salary \$	STI bonus \$	Other \$	Super-annuation \$	Long service leave \$	Performance Rights \$	Options \$		
Non-executive Directors										
BT Lambert ¹	66,800	-	-	-	6,346	-	-	-	73,146	-
MA Bohm	52,671	-	-	-	5,004	-	-	-	57,675	-
L Carpen ²	12,500	-	-	-	1,188	-	-	-	13,688	-
JW Gardner ³	12,557	-	-	-	1,193	-	-	-	13,750	-
DJ Humann ⁴	40,333	-	-	-	-	-	-	-	40,333	-
Subtotal	184,861	-	-	-	13,731	-	-	-	198,592	
Executive Director										
P Muccilli	-	281,965	-	588	20,049	4,617	(5,673)	-	301,546	(2%)
Subtotal	-	281,965	-	588	20,049	4,617	(5,673)	-	301,549	
Other KMP										
C Sun	-	191,201	-	588	17,759	11,257	115	-	220,920	0%
RJ Hartley ⁵	-	225,393	-	588	20,049	4,195	(9,827)	-	240,398	(4%)
GL Fariss ⁶	-	173,887	-	294	10,220	(49,757)	(9,827)	-	124,817	(8%)
Subtotal	-	590,481	-	1,470	48,028	(34,305)	(19,539)	-	586,135	
TOTAL	184,861	872,446	-	2,058	81,808	(29,688)	(25,212)	-	1,086,273	

1) Mr BT Lambert was appointed Chairman effective 6 February 2018.

2) Ms L Carpen was appointed effective 16 April 2018.

3) Mr JW Gardner resigned effective 30 September 2017.

4) Mr DJ Humann passed away on 20 November 2017.

5) Mr RJ Hartley became a member of the KMP effective 1 July 2018.

6) Mr GL Fariss ceased as the Company Secretary effective 17 November 2017 and ceased as the General Manager – Corporate effective 31 December 2017. Amounts above include all leave entitlements paid on termination.

7) Relates to the non-cash value of Performance Rights and Options that were expensed during the financial year. Negative values relate to Performance Rights forfeited during the financial year.

f) Service Agreements

Remuneration and other terms of employment for executives are formalised in employment contracts. The service agreements specify the components of remuneration, benefits and notice periods. Participation in LTIs are at the discretion of the Board.

The agreements relating to remuneration and other terms of employment for the Managing Director and other executives for the year ended 30 June 2019 are set out below.

Name and position	Term of agreement	Base salary including superannuation	Notice period	Termination benefit
D Southam¹ Managing Director	Ongoing commencing 1 February 2019	\$525,000	3 months' notice by employee 12 months' notice by the Company	12 months' base salary
C Sun Chief Financial Officer	Ongoing commencing 18 March 2008	\$250,500	1 month	1 month's base salary
RJ Hartley Exploration Manager	Ongoing commencing 1 October 1999	\$255,500	1 month	1 month's base salary
P Muccilli¹ Former Managing Director	Resignation effective 31 January 2019	\$325,000	3 months	3 months' base salary

1) Mr Southam was appointed as Managing Director on 1 February 2019, replacing Mr Muccilli who resigned effective 31 January 2019.

g) Share Based Compensation

i) Options issued under the Employee Share Option Plan

Options were granted in previous years under the Mincor Employee Share Option Plan ("ESOP") for no consideration for a maximum period of five years and are subject to the imposition of any specified vesting conditions as may be determined at the discretion of the Board. The Options may be exercised at any time between the date the option vests and the expiry date. No Options were issued under the ESOP during the financial year.

DIRECTORS' REPORT

The terms and conditions of Options affecting remuneration in the reporting period are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Fair value per option at grant date	Vested
18 May 2016	100% after 18 May 2018	18 May 2021	\$0.50	\$0.1254	100%

Fair value of Options granted

The fair value at grant date stated in the table above was determined using the Binomial option valuation methodology for Options and takes into account the following inputs:

Metric	Options expiring 18 May 2021
a. Exercise price	\$0.50
b. Grant date	18 May 2016
c. Expiry date	18 May 2021
d. Share price at grant date	\$0.340
e. Expected price volatility of the Company's shares	75%
f. Expected dividend yield	0%
g. Risk-free interest rate	1.550%

Share Options holdings

The number of Options issued under the ESOP over ordinary shares in the Company held during the financial year by the KMP is set out below.

Name	Grant date	Balance at start of period	Granted as compensation	Vested		Exercised	Other changes	Forfeited/ lapsed during the period	Balance for the period ended	
		Vested		No.	%				Vested	Unvested
RJ Hartley	18 May 16	800,000	-	-	-	-	-	-	800,000	-
C Sun	18 May 16	400,000	-	-	-	-	-	-	400,000	-
P Muccilli	18 May 16	1,200,000	-	-	-	-	(1,200,000)	-	-	-

No Options were exercised during the reporting period.

ii) Incentive Options pursuant to shareholder approval

The following Incentive Options were granted to Mr Southam for nil cash consideration as part of his service agreement on appointment as the Managing Director, as approved by shareholders on 13 March 2019:

- 1,500,000 Incentive Options at an exercise price of \$0.40 per share; and
- 1,500,000 Incentive Options at an exercise price of \$0.50 per share.

Each Incentive Option will vest upon the first to occur:

- 1 February 2022 subject to Mr Southam continuing to be employed by the Company on that date;
- a change of control of the Company;
- Mr Southam's employment is terminated by the Company other than for cause, and
- the termination or cessation of Mr Southam's employment as a result of:
 - total and permanent disablement of Mr Southam;
 - mental illness of Mr Southam, as determined by the Board;
 - redundancy, or
 - the death, or terminal illness of Mr Southam.

The terms and conditions of Incentive Options affecting remuneration in the reporting period are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Fair value per option at grant date	Vested
13 March 2019	1 February 2022	13 March 2024	\$0.40	\$0.1133	-
13 March 2019	1 February 2022	13 March 2024	\$0.50	\$0.0875	-

DIRECTORS' REPORT

Fair value of Incentive Options granted

The fair value at grant date stated in the table above was determined using the Black-Scholes valuation methodology of Incentive Options and takes into account the following inputs:

Metric	Options expiring 13 March 2024
a. Exercise price	\$0.40 and \$0.50
b. Grant date	13 March 2019
c. Expiry date	13 March 2024
d. Share price at grant date	\$0.365
e. Expected price volatility of the Company's shares	49%
f. Expected dividend yield	0%
g. Risk-free interest rate	1.601%

Share Incentive Options holdings

The number of Incentive Options issued pursuant to shareholder approval over ordinary shares in the Company held during the financial year is set out below.

Name	Grant date	Balance at start of period	Granted as compensation	Vested		Exercised	Other changes	Forfeited/lapsed during the period	Balance for the period ended	
		Vested		No.	%				Vested	Unvested
D Southam	13 Mar 2019	-	3,000,000	-	-	-	-	-	-	3,000,000

No Incentive Options were exercised during the reporting period.

iii) Performance Rights issued under the Incentive Plan

Executives were granted Performance Rights which are subject to vesting conditions related to achieving a matrix of performance targets measured over a three-year period. The number of Performance Rights granted was capped at 25% of the TFR for the executives other than the Managing Director.

As part of Mr Southam's appointment as Managing Director, he was granted 1,404,889 Performance Rights under the Incentive Plan. Pursuant to the terms of his employment, Mr Southam is not eligible to participate in another performance rights grant until the financial year commencing 1 July 2020.

The Performance Rights over ordinary shares are granted under the Incentive Plan for nil cash consideration and carry no dividend or voting rights. When exercised, each Performance Right will be converted into one ordinary share.

The terms and conditions of each grant of Performance Rights affecting remuneration in the reporting period are set out below:

Grant date	Performance measurement period	Expiry date	Vesting conditions	Value per Performance Right at grant date
Executives and staff (excluding Managing Director)				
19 March 2019	1 July 2018 to 30 June 2021	2 years after vesting of Performance Rights	40% of Performance Rights vest based on achieving a Total Shareholder Return ("TSR") for the Company over the performance period of greater than 15% compound annual growth.	\$0.21
			40% of Performance Rights vest on reaching commercial production at a nickel mine at operating cost of not more than 10% above budget.	\$0.42
			20% of Performance Rights vest upon the Company being listed in the ASX300 for two consecutive six-month periods within the performance period or the Company's market capitalisation exceeds the market capitalisation of the 300 th company in the ASX300.	\$0.18

DIRECTORS' REPORT

Grant date	Performance measurement period	Expiry date	Vesting conditions	Value per Performance Right at grant date
Managing Director				
13 March 2019	1 February 2019 to 30 June 2022	2 years after vesting of Performance Rights	30% of Performance Rights vest based on the TSR for the Company over the performance period relative to the TSR of each of the companies in a peer group determined by the Board, over the same period.	\$0.29
			40% of Performance Rights vest based on achieving a TSR for the Company over the performance period of greater than 15% compound annual growth.	\$0.18
			30% of Performance Rights vest upon the Company being listed in the ASX300 within the performance period.	\$0.15

The TSR performance conditions for Performance Rights issued to the Managing Director on 13 March 2019, is measured against TSR of a benchmark peer group. The following companies have been identified by the Board based on the commodity focus and business development stage as the peer group which the TSR will be measured against:

Ardea Resources Limited	Jervois Mining Limited	Red River Resources Limited
Australian Mines Limited	KGL Resources Limited	St George Mining Limited
Cassini Resources Limited	Metals X Limited	Talisman Mining Limited
Clean TeQ Holdings Limited	Neometals Limited	Venturex Resources Limited
Galena Mining Limited	Panoramic Limited	Western Areas Limited
Hillgrove Resources Limited	Poseidon Nickel Limited	

Fair value of Performance Rights granted

The fair value at grant date stated in the table above is determined using the Monte Carlo simulation and Trinomial valuation methodology, depending on the relevant market conditions attached to the award, and takes into consideration the following inputs:

Metric	Performance Rights granted to executives and staff	Performance Rights granted to Managing Director
Exercise price	Nil	Nil
Grant date	19 March 2019	13 March 2019
Expiry date	2 years after vesting of Performance Rights	2 years after vesting of Performance Rights
Share price at grant date	\$0.415	\$0.365
Expected price volatility of the Company's shares	50%	50%
Expected dividend yield	0%	0%
Risk-free interest rate	1.52%	1.60%

Performance Rights holdings

The number of Performance Rights over ordinary shares in the Company held during the financial year by KMP, including their personally related parties, are set out below.

Name	Balance at start of year	Granted as compensation	Rights vested and converted	Rights lapsed	Balance at end of year	
	Unvested				Vested	Unvested
2019						
D Southam	-	1,404,889	-	-	-	1,404,889
RJ Hartley	-	168,092	-	-	-	168,092
C Sun	-	164,803	-	-	-	164,803
P Muccilli	200,000	-	(122,200)	(77,800)	-	-
2018						
P Muccilli	281,000	-	(4,795)	(76,205)	-	200,000
GL Fariss	81,000	-	(4,795)	(76,205)	-	-
RJ Hartley	81,000	-	(4,795)	(76,205)	-	-
C Sun	1,000	-	(1,000)	-	-	-

DIRECTORS' REPORT

h) Shareholdings of Key Management Personnel

The number of shares in the Company held during the financial year by KMP of the Company, including their personally related parties, are set below.

Name	Balance at start of year	Received on the exercise of Options/Performance Rights	Other changes	Balance at end of year
2019				
Directors of Mincor				
BT Lambert (Chairman)	100,000	-	37,500	137,500
MA Bohm	514,269	-	37,500	551,769
L Carpine	-	-	-	-
D Southam ¹	-	-	-	-
P Muccilli ¹	226,260	122,200	(348,460) ²	-
Other KMP				
RJ Hartley	111,298	-	-	111,298
C Sun	17,269	-	-	17,269

1) Mr Southam was appointed as Managing Director on 1 February 2019, replacing Mr Muccilli who resigned effective 31 January 2019.

2) Other changes for Mr Muccilli relate to cessation as KMP.

Name	Balance at start of year	Received on the exercise of Options/Performance Rights	Other changes	Balance at end of year
2018				
Directors of Mincor				
BT Lambert (Chairman)	-	-	100,000	100,000
MA Bohm	100,000	-	414,269	514,269
L Carpine	-	-	-	-
P Muccilli	207,196	4,795	14,269	226,260
Other KMP				
RJ Hartley	106,503	4,795	-	111,298
C Sun	2,000	1,000	14,269	17,269

i) Other Transactions with Key Management Personnel

During the previous financial year ended 30 June 2018, BTL Mining Advisory, a related entity of Mr BT Lambert provided consultancy services which were deemed to be provided outside of the ordinary requirements of Non-executive Director duties. A total consultancy fee of \$5,891 was invoiced to the Company for the reporting period. This transaction was based on normal commercial terms and conditions.

There were no other transactions with KMP during the 2019 and 2018 financial year.

This concludes the Remuneration Report.

SHARES UNDER OPTION

Unissued ordinary shares in the Company under option at the date of this report are as follows:

Date Options granted	Expiry date	Exercise price of Options	Number of Options
18 May 2016	18 May 2021	\$0.50	5,400,000
13 March 2019	13 March 2024	\$0.40	1,500,000
13 March 2019	13 March 2024	\$0.50	1,500,000

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

SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares in the Company pursuant to the Incentive Plan at the date of this report are as follows:

Date Performance Rights granted	Expiry date	Number of Performance Rights
19 March 2019	30 June 2023	784,868
13 March 2019	30 June 2024	1,404,889

DIRECTORS' REPORT

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of the Company were issued during and/or since the year ended 30 June 2019 and up to the date of this report on the exercise of Options granted by the Company.

SHARES ISSUED ON THE VESTING OF PERFORMANCE RIGHTS

The following ordinary shares of the Company were issued during and/or since the year ended 30 June 2019 and up to the date of this report on the vesting of Performance Rights granted under the Mincor Performance Rights Plan.

Date Performance Rights granted	Issue price of shares	Number of shares issued
2 October 2015	-	122,200

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not been any other matter or circumstance occurring subsequent to end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial years.

CORPORATE GOVERNANCE

A summary of the Company's corporate governance policies and practices and compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) will be provided at the same time as the 2019 Annual Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring any proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

ENVIRONMENTAL MATTERS

The Group is subject to environmental regulation on its mineral properties. To this extent, the Group has raised rehabilitation provisions of \$11,790,000 (2018: \$7,198,000). As reported in the previous financial year, the Company received an official caution notice in July 2018, from the Department of Planning and Environment, New South Wales in relation to Exploration Licence EL6592 for the disposal of exploration wastes at an unapproved location by its joint venture partner Bacchus for the Tottenham Joint Venture. This incident constitutes an offence under s.378D of the *Mining Act 1992*, with Bacchus directed to remediate the offence. The incident has been remediated and the Company and Bacchus have implemented processes to ensure such incidents do not occur in the future.

National Pollutant Inventory and Greenhouse Gas and Energy Data Reporting Requirements

The Group is subject to the reporting requirements of the *National Environmental Protection (National Pollution Inventory) Measures Act 1998*. This requires the Group to measure and report its annual emissions of specified substances to air, land and water if usages of certain substances or fuel exceed reporting thresholds. The Group has exceeded these thresholds and will submit its 2018/19 National Pollutant Inventory Report to the Department of Water and Environmental Regulation by the legislated due date. The Group has implemented systems and processes for the collection and calculation of the data required for this report.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to track its annual greenhouse gas emissions and energy use. During the period ending 30 June 2019, the Group's annual greenhouse gas emission and energy use were under the reporting threshold for National Greenhouse and Energy Reporting, therefore it is not required to submit the 2018/19 National Greenhouse and Energy Report.

INSURANCE OF OFFICERS

During the financial year, the Company paid a premium in respect of Directors' and Executive Officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy.

DIRECTORS' REPORT

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

NON-AUDIT SERVICES

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

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the financial year are detailed in Note 20 to the financial statements.

The Board of Directors has considered the position and in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 20, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out separately in this report (page 17).

ROUNDING OF AMOUNTS

The Company has relied on the relief provided by the 'ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191', issued by the Australian Securities & Investments Commission, relating to the rounding off of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Dated in Perth this 28th day of August 2019 in accordance with a resolution of the Directors.



D Southam
Managing Director



Auditor's Independence Declaration

As lead auditor for the audit of Mincor Resources NL for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mincor Resources NL and the entities it controlled during the period.

A handwritten signature in dark ink, appearing to read 'CH', followed by a horizontal line.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
28 August 2019

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

	Note	2019 \$'000	2018 \$'000
Revenue from contracts with customers	3	40,676	-
Cost of sales	4	(40,382)	-
Gross profit		294	-
Administrative expenses		(3,305)	(2,603)
Depreciation expense		(61)	(145)
Exploration expenditure written off		(9,014)	(3,882)
Gain on sale of property, plant and equipment		395	1,323
Impairment of property, plant and equipment	9	(2,187)	-
Share-based payments	26	(105)	25
Foreign exchange gains		30	49
Other income		204	578
Operating loss		(13,749)	(4,655)
Finance costs		-	(8)
Loss before income tax		(13,749)	(4,663)
Income tax	5	-	-
Net loss for the year		(13,749)	(4,663)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(13,749)	(4,663)
		Cents	Cents
Loss per share	25	(6.1)	(2.3)
Diluted loss per share	25	(6.1)	(2.3)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	6	29,013	14,114
Restricted cash	6	176	176
Trade and other receivables	7	1,019	771
Inventories	8	4,484	1,702
Total Current Assets		34,692	16,763
Non-Current Assets			
Property, plant and equipment	9	6,361	7,769
Exploration and evaluation expenditure	10	19,027	12,175
Total Non-Current Assets		25,388	19,944
TOTAL ASSETS		60,080	36,707
Current Liabilities			
Trade and other payables	12	8,048	3,773
Provisions	13	500	711
Total Current Liabilities		8,548	4,484
Non-Current Liabilities			
Provisions	13	11,661	6,938
Financial liability	14	2,331	-
Total Non-Current Liabilities		13,992	6,938
TOTAL LIABILITIES		22,540	11,422
NET ASSETS		37,540	25,285
Equity			
Contributed equity	15	59,141	33,242
Reserves	16	5,867	5,762
Accumulated losses	17	(27,468)	(13,719)
TOTAL EQUITY		37,540	25,285

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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

	Note	Contributed Equity \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Total \$'000
Balance at 1 July 2017		23,663	(9,056)	5,787	20,394
Loss for the year		-	(4,663)	-	(4,663)
Total comprehensive loss for the year		-	(4,663)	-	(4,663)
Transactions with owners in their capacity as owners:					
- Contributions of equity, net of transaction costs	15	5,652	-	-	5,652
- Share purchase plan, net of transaction costs	15	3,927	-	-	3,927
- Employee share Options and Performance Rights	16	-	-	(25)	(25)
		9,579	-	(25)	9,554
Balance at 30 June 2018		33,242	(13,719)	5,762	25,285
Loss for the year		-	(13,749)	-	(13,749)
Total comprehensive loss for the year		-	(13,749)	-	(13,749)
Transactions with owners in their capacity as owners:					
- Contributions of equity, net of transaction costs	15	16,978	-	-	16,978
- Share purchase plan, net of transaction costs	15	5,271	-	-	5,271
- Share issue on asset acquisition, net of transaction costs	11,15	3,500	-	-	3,500
- Share based payments	15, 26	150	-	-	150
- Employee share Options and Performance Rights	16	-	-	105	105
		25,899	-	105	26,004
Balance at 30 June 2019		59,141	(27,468)	5,867	37,540

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		40,716	-
Payments to suppliers and employees (inclusive of GST)		(33,708)	(2,842)
		7,008	(2,842)
Interest received		147	213
Other income		208	243
Net Cash Inflow/(Outflow) from Operating Activities	6(a)	7,363	(2,386)
Cash flows from investing activities			
Payments for property, plant and equipment		(49)	(143)
Payments for mine development		(7,850)	(1,119)
Payments for exploration and evaluation expenditure		(7,412)	(5,529)
Proceeds from sale of property, plant and equipment		395	1,956
Net Cash Outflow from Investing Activities		(14,916)	(4,835)
Cash flows from financing activities			
Proceeds from the issue of shares, net of capital raising costs		22,452	9,579
Payments from cash restricted cash accounts		-	206
Net Cash Inflow from Financing Activities		22,452	9,785
Net Increase in Cash and Cash Equivalents		14,899	2,564
Cash and cash equivalents at the beginning of the financial year		14,114	11,550
Cash and Cash Equivalents at the End of the Financial Year	6	29,013	14,114

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Mincor Resources NL (**"the Company"** or **"Mincor"**) and its subsidiaries.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**"AASB"**) and the *Corporations Act 2001*. Mincor is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Group comply with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board (**"IASB"**).

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of other financial assets at fair value through other comprehensive income as well as financial assets and liabilities at fair value through profit or loss or equity.

Prior year presentation has been reclassified where necessary to conform to changes in the presentation of expenses from classification by nature to classification by function in the current reporting period.

b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mincor as at 30 June 2019 and the results of all subsidiaries for the year then ended. Mincor and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

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

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

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

i) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in Note 23.

ii) Joint ventures

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position.

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

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Revenue Recognition

The Group earns revenue from the sale of gold bullion and silver by-product mined from its 100% owned Widgiemooltha Gold Project. The Group has determined that revenue from these sales is recognised when the performance obligation is satisfied, and control has been transferred to the customer (i.e. The Perth Mint). The only performance obligation is the sale of the gold bullion and silver by-product, which occurs when the metals have been transferred out of the Group's metals account with The Perth Mint.

Sales to customers are denominated in Australian Dollars and are recognised net of duties and other taxes.

Interest income is recognised using the effective interest rate method.

d) Property, Plant and Equipment

Office property, plant and equipment is stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Office property, plant and equipment are depreciated or amortised over their estimated useful economic lives using either the straight line or reducing balance method. The expected useful lives are as follows:

- Plant and Equipment – 2 to 5 years; and
- Furniture and Fittings – 3 to 10 years

Refer to Notes 1(h), 1(i) and 1(j) for the accounting policy with respect to development expenditure, mine properties and mine buildings, machinery and equipment.

An asset's carrying amount is written down immediately to its recoverable amount, in accordance with the accounting policy in Note 1(o), if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

e) Income Tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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

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

Companies within the Group may be entitled to claim special tax deductions for the investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

f) Inventories

Inventories including ore stockpiles, work-in-progress, gold-in-circuit and finished goods are measured or estimated and valued at the lower of cost and net realisable value. Cost comprises direct costs and an appropriate portion of fixed overhead costs. A portion of the related depreciation and amortisation is included in the cost of inventory. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

g) Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Exploration and evaluation costs are carried forward on an area of interest basis. Costs are recognised and carried forward where rights to tenure of the area of interest are current and either:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or 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.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties under development.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where circumstances suggest that the carrying amount of an asset exceed its recoverable amount, an impairment loss will be recognised.

h) Development Expenditure

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure having a specific nexus with the development property.

Once a development decision has been taken, any deferred exploration and evaluation expenditure is transferred to "Development Expenditure".

All expenditure incurred prior to the commencement of commercial levels of production from each development property, is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until they are reclassified as "Mine Properties" following a decision to commence mining.

i) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such development expenditure is carried forward as part of the mine property only when it is probable that the associated future economic benefits will flow to the Group, otherwise such expenditure is classified as part of the cost of production and expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Mine development expenditure or stripping costs are capitalised and then amortised on a unit-of-production basis over the life of mine to which they relate. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves. The unit-of-production and amortisation charge is updated periodically when the life of mine plans are revised.

Stripping costs incurred during the production phase of a mine are assessed to determine whether the benefit accruing from that activity provides access to ore that can be used to produce inventory or whether it improves access to ore that will be mined in future periods.

To the extent that the benefits of the stripping costs relate to inventory the Group accounts for those costs in accordance with **AASB102 Inventories**. Where the stripping costs relate to future economic benefit the costs are capitalised and form part of the costs to be amortised.

j) Mine Buildings, Machinery and Equipment

The cost of each item of buildings, machinery and equipment is written off over its expected useful life using either the unit-of-production or straight-line method. Cost includes expenditure that is directly attributable to the acquisition of the items. The unit-of-production basis results in an amortisation charge proportional to the depletion of the recoverable mineral reserves, or for leased assets the useful economic machine life measured in hours. Each item's economic life has due regard to both its own physical life limitations and to present assessments of recoverable mineral reserves of the mine property at which the item is located, and to possible future variations in those assessments.

Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments of major items.

The expected useful lives are as follows:

- Mine buildings – the shorter of applicable mine life and 5 years;
- Machinery and equipment – the shorter of applicable mine life and 2 to 10 years, depending on the nature of the asset; and
- Leased machinery – machine life measured in hours per manufacturer guidelines.

k) Employee Benefits

i) Short-term obligations

Liabilities for salaries, wages and leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The leave liability is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii) Other long-term employee benefit obligations

This comprises the liability for long service leave and annual leave that are not expected to be settled within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

iii) Share-based payments

Share-based compensation benefits are provided to employees via the Mincor Employee Equity Incentive Plan, Performance Rights Plan and the Mincor Employee Share Option Plan.

The fair value of Options and Performance Rights granted under these Plans are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the Options or Performance Rights.

The fair value of Options and Performance Rights at grant date is determined using various option valuation model appropriate to the instrument that takes into account the exercise price, the term of the option, the vesting period, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the Options and Performance Rights at grant date excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). These non-market vesting conditions are included in assumptions about the number of Options and Performance Rights that are expected to vest. At each statement of financial position date, the entity revises its estimate of the number of Options and Performance Rights that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

l) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits at call with financial institutions, term deposits, short-term bank bills, and cash at bank and in transit, all of which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n) Asset Acquisition

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

Any contingent consideration arising from the acquisition will be recognised at fair value at the acquisition date. Contingent consideration classified as a liability that is a financial instrument and within the scope of AASB 9 is measured at fair value, with changes in fair value recognised in profit or loss in the statement of profit or loss and other comprehensive income in accordance with AASB 9.

o) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

p) Investments and Other Financial Assets

i) Classification

The Group classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss;
- Trade and other receivables; and
- Other financial assets at fair value through other comprehensive income.

The classification depends on the purpose for which the investments were acquired. The Group determines the classification of its financial assets at initial recognition. The Group does not have any financial assets at fair value through profit or loss, nor other financial assets at fair value through other comprehensive income.

A) Trade and other receivables

Trade and other receivables arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets.

ii) Measurement

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

Trade and other receivables are subsequently carried at amortised cost using the effective interest method.

The Group subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses in the statement of profit or loss and other comprehensive income as applicable. Interest income from these financial assets is included in the net gains/(losses). Dividend income is presented as other revenue.

Changes in the fair value of financial assets at fair value through other comprehensive income are recognised in reserves. There is no subsequent reclassification of fair value gains and losses to profit or loss for these financial assets. Dividends from such investments continue to be recognised in profit or loss as other revenue when the Group's right to receive payments is established and as long as they represent a return on investment.

Details on how the fair value of financial instruments is determined are disclosed in Note 2(e).

iii) Impairment

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward looking expected credit loss ("ECL") approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. As the Group does not have significant trade and other receivables, the impact of the ECL is not material.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments.

q) Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 Group for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

r) Contributed Equity

Ordinary shares are classified as equity.

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

s) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the reporting period but not distributed at the end of the reporting period.

t) Earnings per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

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

u) Rehabilitation and Mine Closure Costs

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment.

Under **AASB 116 Property, Plant and Equipment**, the cost of an asset includes any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life.

AASB 137 Provisions, Contingent Liabilities and Contingent Assets requires a provision to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a pre-tax discount rate that reflects the time value of money. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised as a borrowing cost.

v) Royalties

Royalties, to the extent that they represent period costs, are accrued and charged against earnings when the liability from production or sale of the mineral crystallises.

In the case of business combinations, future royalty payments may represent contingent purchase consideration. Where this is the case and an estimate of the probable payments can be reliably measured, such amounts are included in the cost of the business combination.

w) Goods and Services Tax

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

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

x) Significant Estimates and Judgements

Significant estimates and judgements are continually evaluated and are based on management's historical experience and knowledge of relevant facts and circumstances at that time.

The Group makes estimates and judgements concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amounts of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. Information on such estimates and judgements are contained in the accounting policies and/or notes to the financial statements.

Key accounting estimates and judgements include:

- Impairment of inventories (refer to Note 8);
- Asset carrying value and impairment charges (refer to Note 9);
- Asset acquisition (refer to Note 11);
- Rehabilitation provisions and costs (refer to Note 13).

y) Parent Entity Financial Information

The financial information for the parent entity, Mincor disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i) Investments in subsidiaries, associates and joint venture entities

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

ii) Tax consolidation legislation

Mincor and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Mincor, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Mincor recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mincor for any current tax payable assumed and are compensated by Mincor for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mincor under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

z) New Accounting Standards and Interpretations

The Group applies, for the first time, *AASB 15 Revenue from Contracts with Customers* and *AASB 9 Financial Instruments*. The nature and effect of these changes are disclosed below:

i) AASB 9 Financial Instruments

The Group adopted *AASB 9 Financial Instruments* from 1 July 2018.

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group adopted the new accounting standard during the period and there was no material transition impact on adoption.

ii) AASB 15 Revenue from Contracts with Customers

The Group adopted *AASB 15 Revenue from Contracts with Customers* from 1 July 2018.

The core principal of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at the amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is allocated to each performance obligation and recognised when the performance obligation is satisfied, which could be over time or at a point in time.

The adoption of AASB 15 does not have a material impact on the Group's financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below:

i) AASB 16 Leases

AASB 16 was issued in February 2016 for the recognition of leases (except for short-term and low-value leases) on the statement of financial position. Under this new standard, the distinction between operating and finance leases will be removed, an asset (the right to use the leased item) and a financial liability to pay rentals will be recognised.

The Group will apply the standard from its mandatory adoption date of 1 July 2019 and intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. The Group will also elect to apply the practical expedients in AASB 16 for short-term leases (i.e. leases with a lease term of 12 months or less) and leases for which the underlying asset is of low value.

At the reporting date, the Group has non-cancellable operating lease commitments of \$131,000 (refer Note 18). These commitments relate to short-term which is recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group expects to recognise a right-of-use asset of approximately \$121,000 on 1 July 2019 and a lease liability of \$121,000, both classified as current asset and liability. The Group does not expect a significant impact on net profit/(loss) after tax and operating cashflows as a result of adopting the new standard.

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

aa) Rounding of Amounts

The Company has relied on the relief provided by the 'ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191', issued by the Australian Securities & Investments Commission, relating to the rounding off of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 2: RISK MANAGEMENT

a) Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by senior management and is the responsibility of the Board of Directors. Senior management continuously monitor forecast and actual cash flows and seek Board approval for expenditure greater than \$1,000,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

b) Market Risk

i) Foreign exchange risk

The Group is not currently exposed to foreign exchange risk as all transactions and balances are denominated in Australian Dollars.

ii) Price risk

The Group is not currently exposed to equity security price risk.

iii) Cash flow interest rate risk

Interest rate risk arises from the Group's cash and cash equivalents earning interest at variable rates. The significance and management of the risks to the Group and the parent entity are dependent on a number of factors, including:

- interest rates;
- level of cash, liquid investments and borrowings and the term;
- maturity dates of investments.

At the end of the reporting period, the Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	30 June 2019		30 June 2018	
	Weighted average interest rate	Balance \$'000	Weighted average interest rate	Balance \$'000
Cash, cash equivalents and restricted cash	1.81%	29,189	1.84%	14,290

The risk is managed by maintaining an appropriate mix between short-term fixed and floating rate cash and cash equivalents.

All receivables in the current and prior financial years are non-interest bearing and therefore have no exposure to interest rate risk.

Group sensitivity

Based on the financial instruments at 30 June 2019, if interest rates had changed by ± 50 basis points from the year-end rates, with all other variables held constant, post-tax loss and equity for the year would have been \$55,000 lower/\$55,000 higher (2018: post-tax loss and equity \$60,000 lower/\$60,000 higher).

b) Credit Risk

Credit risk arises from cash and cash equivalents and other financial assets and is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group controls credit risk by setting minimum creditworthiness requirements of counterparties.

The carrying amount of financial assets recorded in the statement of financial position represents the Group's exposure to credit risk. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the statement of financial position. The Group does not hold collateral as security.

c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the operating commitments of the business. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, matching the maturity profile of financial assets and liabilities and identifying when further capital raising initiatives are required.

Financing arrangements

Entities in the Group have access to bond and credit card facility at balance date:

Bond and Credit Card Facility – secured
Less: Drawdown portion

2019 \$'000	2018 \$'000
176	176
(176)	(176)
-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The Bond and Credit Card Facility is denominated in Australian dollars and is secured by cash. An annual performance bond fee is charged at market rates. The bond facility drawn down at 30 June 2019 was \$176,000 (2018: \$176,000). No amounts are payable under this facility, other than the annual fee, unless the Group does not adhere to the terms of the agreements guaranteed.

The Group has a debt facility totalling \$176,000 (2018: \$176,000) at reporting date which are secured against cash deposits of the same amount shown as restricted cash on the statement of financial position.

Contractual maturities of financial liabilities

The following table details the Group's remaining contractual maturity for its financial liabilities. The amounts presented represent the future undiscounted principal and interest cash flows.

CONSOLIDATED	Less than one year \$'000	Between one and five years \$'000	After five years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
At 30 June 2019					
Financial liabilities					
Trade payables	3,139	-	-	3,139	3,139
Financial liability	-	2,000	4,000	6,000	2,331
Non-interest-bearing liabilities	4,909	-	-	4,909	4,909
Total financial liabilities	8,048	2,000	4,000	14,048	10,379
At 30 June 2018					
Financial liabilities					
Trade payables	1,444	-	-	1,444	1,444
Non-interest-bearing liabilities	2,329	-	-	2,329	2,329
Total financial liabilities	3,773	-	-	3,773	3,773

d) Capital Risk Management

The Group manages its capital to ensure entities in the Group will be able to continue as going concern whilst maximising the return to stakeholders through the optimisation of its capital structure comprising equity, debt and cash. The Group reviews the capital structure on an ongoing basis.

As part of this review the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations from the Board of Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs, new debt or the refinancing or repayment of existing debt.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, reserves and (accumulated losses)/retained earnings as disclosed in Notes 15, 16 and 17 respectively.

As at 30 June 2019, the Group had no net debt (30 June 2018: Nil).

e) Fair Value Measurement

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

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

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

Fair value measurement of financial instruments

The fair value of the financial liability is based on discounted cash flows and is classified as level 3 value in the fair value hierarchy due to unobservable inputs, including probabilities associated with achieving production targets.

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019 \$'000	2018 \$'000
Sale of gold bullion	40,484	-
Sale of silver by product	53	-
Other sales	139	-
	40,676	-

NOTE 4: COST OF SALES

	2019 \$'000	2018 \$'000
Mining	10,230	1,039
Mine administration	1,120	21
Processing	18,728	-
Royalties	3,315	-
Depreciation and amortisation	9,772	623
Change in inventories	(3,542)	(1,683)
Write down of stockpiles (Refer to Note 8)	759	-
	40,382	-

NOTE 5: INCOME TAX

a) Numerical reconciliation of income tax expenses to prima facie tax payable

	2019 \$'000	2018 \$'000
Loss before income tax expense	(13,749)	(4,663)
Tax at the Australian tax rate of 30% (2018: 30%)	(4,125)	(1,399)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Share-based payment	32	(7)
- Non-deductible expenses	10	2
- Other	(3)	11
- Non-recognition of deferred tax assets	4,086	1,393
Income tax benefit	-	-

The tax rate of 30% represents the rate at which the Company expects to utilise the tax losses. The Group has tax losses of \$95,224,000 (2018: \$85,490,000) that are available indefinitely for offsetting against future taxable profits of the companies within the tax consolidated group.

b) Franking Credits

	2019 \$'000	2018 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2018: 30%)	64,604	64,604

The amounts represent the balance of the franking account as at the reporting date, adjusted for:

- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- Franking credits that may be prevented from being distributed in subsequent financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

c) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Deferred tax liabilities

Evaluation and acquired exploration
Property, plant and equipment
Other

Total deferred tax liabilities

Deferred tax assets

Tax losses
Employee benefits
Rehabilitation
Property, plant and equipment
Other

Total deferred tax assets

Non-recognition of tax assets

Net deferred tax asset/(liability)

2019 \$'000	2018 \$'000
(3,649)	(3,649)
-	(1,062)
(3)	-
(3,652)	(4,711)
28,567	25,938
111	135
2,188	2,159
353	-
411	779
31,630	29,011
(27,978)	(24,300)
-	-

Management has assessed the probability that sufficient future taxable income (including the reversal of taxable temporary differences) will be generated to utilise the carried forward tax losses. Management has concluded that recognition of deferred tax assets is not appropriate and has not recognised deferred tax assets of \$27,978,000 (2018: \$24,300,000). The Group has entered into a tax funding agreement. Refer to Note 1(y)(ii).

NOTE 6: CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents
Restricted cash

2019 \$'000	2018 \$'000
29,013	14,114
176	176
29,189	14,290

Restricted cash represents cash deposits held as security against the Group's bond and credit card facility.

a) Reconciliation of Net Cash Outflow from Operating Activities to Operating Loss after Income Tax

Loss for the year

Add/(less): non-cash items

Depreciation and amortisation
Impairment of property, plant and equipment
Write down of stockpile
Gain on sale of property, plant and equipment
Exploration expenditure
Deferred stripping costs
Employee benefits expense – share-based payments
Bad debt

Change in operating assets and liabilities

Increase in trade and other receivables
Increase in inventories
Decrease in prepayments
Increase in creditors and accruals
Decrease/(increase) in employee entitlement provisions

Net cash inflow/(outflow) from operating activities

2019 \$'000	2018 \$'000
(13,749)	(4,663)
9,833	769
2,187	-
759	-
(395)	(1,323)
9,014	3,882
-	(603)
105	(25)
158	-
(35)	(158)
(3,345)	(1,702)
-	19
2,643	1,473
188	(55)
7,363	(2,386)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: TRADE AND OTHER RECEIVABLES

	2019 \$'000	2018 \$'000
Current		
Other receivables	649	474
Prepayments	370	297
	1,019	771

The Group has impaired receivables of \$194,000 (2018: Nil), which were considered past due.

NOTE 8: INVENTORIES

	2019 \$'000	2018 \$'000
Current		
Ore stockpiles	3,126	1,702
Gold-in-circuit	1,358	-
	4,484	1,702

Ore stockpiles on hand are valued at the lower of weighted average cost and net realisable value. Write-down of stockpiles to net realisable value totalled \$759,000 (2018: Nil). The write down was recognised as an expense during the financial year and included in 'cost of sales' in the Consolidation Statement of Profit or Loss (refer to Note 4).

Significant Estimates and Judgements

The impairment of inventories assessment requires a degree of estimation and judgement. Net realisable value tests are performed regularly and represent the estimated future sales of the product based on prevailing metal prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold based on assay data, and the estimated recovery percentage.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Mine property & development \$'000	Property, plant & equipment \$'000	Leased plant & equipment \$'000	Total \$'000
At 30 June 2017				
Cost or valuation	449,221	56,842	8,071	514,134
Accumulated depreciation	(449,221)	(56,333)	(7,511)	(513,065)
Net book amount	-	509	560	1,069
Year ended 30 June 2018				
Opening net book amount	-	509	560	1,069
Additions	4,254	143	-	4,397
Disposals	(194)	(2)	(560)	(756)
Transfers	3,828	-	-	3,828
Depreciation/amortisation charge	(611)	(158)	-	(769)
Closing net book amount	7,277	492	-	7,769
At 30 June 2018				
Cost or valuation	457,109	56,098	-	513,207
Accumulated depreciation	(449,832)	(55,606)	-	(505,438)
Net book amount	7,277	492	-	7,769

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED	Mine property & development \$'000	Property, plant & equipment \$'000	Leased plant & equipment \$'000	Total \$'000
Year ended 30 June 2019				
Opening net book amount	7,277	492	-	7,769
Additions	6,802	49	-	6,851
Long acquisition (refer to Note 11)	156	3,605	-	3,761
Impairment	(2,187)	-	-	(2,187)
Depreciation/amortisation charge	(9,772)	(61)	-	(9,833)
Closing net book amount	2,276	4,085	-	6,361
At 30 June 2019				
Cost or valuation	459,969	59,752	-	519,721
Accumulated depreciation	(457,693)	(55,667)	-	(513,360)
Net book amount	2,276	4,085	-	6,361

Significant Estimates and Judgements

With the winding-down of Widgiemooltha Gold Project ("WGP"), the Group performed an assessment of the recoverable amount of the WGP assets as a cash-generating unit. With the operations anticipated to cease during the financial year ending June 2020, the recoverable amount was based on the value in use utilising the budgeted cash flows for the June 2020 financial year. Assumptions underlying the budget includes a gold price of \$1,900/oz and remaining ore tonnes to be mined for selected pits. No discounting was applied to the cashflow due to the short duration of the forecast period.

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	2019 \$'000	2018 \$'000
Exploration and Evaluation Expenditure		
Opening balance	12,175	14,562
Current year expenditure	9,014	5,347
Cost of acquisition – new tenements	-	10
Long acquisition (refer to Note 11)	6,852	-
Expenditure transferred to property, plant and equipment	-	(3,828)
Adjustments to rehabilitation provision	-	(34)
Expenditure written off in current year	(9,014)	(3,882)
Total exploration and evaluation expenditure	19,027	12,175

NOTE 11: ASSET ACQUISITION

On 23 May 2019, the Company executed a Share Sale Agreement with Independence Group NL to purchase 100% of the issued share capital of Mincor Long Pty Ltd (formally, Independence Long Pty Ltd), owner of the Long Nickel Operations.

Total consideration for the acquisition of Mincor Long Pty Ltd consisted of:

- Upfront consideration of \$3,500,000, through the issue of 7,777,778 fully paid shares in Mincor at \$0.45 per share on 3 June 2019;
- \$2,000,000 payable on production of 2,500 tonnes of contained nickel in ore from the Long Nickel Operations, payable in either cash or Mincor shares, at the Company's discretion; and
- \$4,000,000 payable on production of 7,500 tonnes of contained nickel in ore from the Long Nickel Operations, payable in either cash or Mincor shares, at the Company's discretion.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The transaction is not a business combination as the assets acquired did not meet the definition of a business as per AASB 3 at the date of acquisition. The fair value of the purchase consideration has been allocated to the assets acquired and liabilities assumed at the date of acquisition as per the table below:

	\$'000
Assets/Liabilities	
Property, plant and equipment	3,761
Exploration and evaluation assets	6,852
Provision for rehabilitation	(4,497)
Net assets acquired and liabilities assumed	6,116
Consideration	
Consideration settled in equity	3,500
Fair value of contingent consideration	2,331
Transaction costs	285
Fair value of purchase consideration	6,116

Significant Estimates and Judgements

The fair value of the contingent consideration on acquisition of \$2,331,000 was estimated by discounting the future expected cash flows, which were based on the probability and timing of achieving production of 2,500 tonnes and 7,500 tonnes of contained nickel.

NOTE 12: TRADE AND OTHER PAYABLES

	2019 \$'000	2018 \$'000
Current		
Trade payables	3,139	1,444
Other creditors and accruals	4,909	2,329
	8,048	3,773

NOTE 13: PROVISIONS

	2019 \$'000	2018 \$'000
Current		
Employee benefits	360	444
Rehabilitation (a)	140	267
	500	711
Non-Current		
Employee benefits	11	7
Rehabilitation (a)	11,650	6,931
	11,661	6,938

In accordance with State Government legislative requirements, a provision for mine rehabilitation has been recognised in relation to the Group's mining operations.

a) Movements in provisions

Movements in the rehabilitation provision during the financial year are set out below.

	2019 \$'000	2018 \$'000
Rehabilitation		
Carrying amount at start of year	7,198	5,796
Long rehabilitation provision (refer to Note 11)	4,497	-
Adjustments to provision estimates	164	1,380
Rehabilitation expenditure	(69)	22
Carrying amount at end of year	11,790	7,198

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Significant judgements and estimates

The value of the rehabilitation provision is based on a number of assumptions including the nature of restoration activities required and the valuation at the present value of a future obligation that necessitates estimates of the cost of performing the work required, the timing of future cash flows and the appropriate risk-free discount rate. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the carrying value of the provision.

NOTE 14: FINANCIAL LIABILITY

Financial liability (refer to Note 11)

2019 \$'000	2018 \$'000
2,331	-

NOTE 15: CONTRIBUTED EQUITY

a) Issued and Paid-up Capital

286,740,678 (2018: 220,168,200) fully paid ordinary shares

2019 \$'000	2018 \$'000
59,141	33,242

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

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

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

b) Movements in Ordinary Share Capital

2018

	No. of shares	Issue price	\$'000
Opening balance	188,888,426	-	23,663
Capital raising placement, for cash	18,750,000	\$0.32	6,000
Share purchase plan (SPP)	12,499,749	\$0.32	4,000
Share issue costs	-	-	(421)
Shares issued pursuant to the vesting of Performance Rights over fully paid ordinary shares	30,025	-	-

Closing balance

220,168,200 **33,242**

2019

Opening balance	220,168,200	-	33,242
Capital raising placement, for cash	45,000,000	\$0.40	18,000
Share purchase plan (SPP)	13,297,500	\$0.40	5,319
Share payments for asset acquisition (refer to Note 11)	7,777,778	\$0.45	3,500
Share based payments (refer to Note 26(e))	375,000	\$0.40	150
Share issue costs	-	-	(1,070)
Shares issued pursuant to the vesting of Performance Rights over fully paid ordinary shares	122,200	-	-

Closing balance

286,740,678 **59,141**

c) Options and Performance Rights

Information relating to Options and Performance Rights, including details of instruments issued, exercised and lapsed during the financial year and outstanding at the end of the reporting period, is set out in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16: RESERVES

Share-based payments

Balance at 1 July
Option expense (refer to Note 26(c))
Performance Rights expense (refer to Note 26(c))
Balance at 30 June

2019 \$'000	2018 \$'000
5,762	5,787
42	-
63	(25)
5,867	5,762

Nature and Purpose of Reserves

The share-based payments reserve is used to recognise the fair value of Options and Performance Rights at grant date issued to employees but not exercised.

NOTE 17: ACCUMULATED LOSSES

Balance 1 July
Loss for the year
Balance 30 June

2019 \$'000	2018 \$'000
(13,719)	(9,056)
(13,749)	(4,663)
(27,468)	(13,719)

NOTE 18: EXPENDITURE COMMITMENTS AND CONTINGENCIES

a) Exploration Expenditure Commitments

Discretionary exploration expenditure commitments relating to existing mineral tenements are as follows:

- Within one year

2019 \$'000	2018 \$'000
2,922	2,895

To maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are not provided for in the financial report and are payable within one year.

b) Operating Lease Commitments

Operating lease commitments are as follows:

Office rental
Within one year
Later than one year but not later than five years

2019 \$'000	2018 \$'000
92	90
39	131
131	221

c) Capital Commitments

There is no significant capital expenditure contracted for at the end of the reporting period (2018: Nil).

d) Contingent Assets and Liabilities

There are no known contingent assets as at 30 June 2019 (2018: Nil).

There is consideration payable for the acquisition of Long Nickel Operations as detailed in Note 11. The fair value of the consideration payable of \$2,331,000 (2018: Nil) has been recognised as a financial liability on the Consolidated Statement of Financial Position (refer to Note 14).

There are no other contingent liabilities as at 30 June 2019 (2018: Nil).

NOTE 19: SEGMENT INFORMATION

a) Description of Segments

For management purposes, the Group is organised into operating segments by the mineral being mined or explored. The two identifiable segments for the year ended 30 June 2019 comprise:

- Nickel Operations – exploration and development of nickel assets; and
- Widgiemooltha Gold Operations – exploration, development and mining of gold assets.

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

b) Segment Information

	Gold \$'000	Nickel \$'000	Total \$'000
2018			
Segment sales to external customers	-	-	-
Gain on sale of property, plant and equipment	-	1,323	1,323
Mining contractor costs	(1,039)	-	(1,039)
Exploration costs	(2)	(3,880)	(3,882)
Inventory movement	1,702	-	1,702
Depreciation expense	(690)	(63)	(753)
Segment loss	(310)	(2,688)	(2,998)
Segment assets	8,980	13,372	22,352
Segment liabilities	3,872	6,865	10,737
2019			
Segment sales to external customers	40,537	-	40,537
Gain on sale of property, plant and equipment	-	395	395
Mining contractor costs	(29,851)	-	(29,851)
Exploration costs	-	(9,014)	(9,014)
Inventory movement	(3,542)	-	(3,542)
Depreciation expense	(9,772)	(43)	(9,815)
Write down of stockpile	(759)	-	(759)
Impairment of property, plant and equipment	(2,187)	-	(2,187)
Segment loss	(2,032)	(8,662)	(10,694)
Segment assets	7,197	23,406	30,603
Segment liabilities	5,952	15,024	20,976

c) Reconciliation of Profit/(Loss)

	2019 \$'000	2018 \$'000
Segment loss	(10,694)	(2,998)
Sundry income	204	578
Other sales to external customers	139	-
Foreign exchange gain	30	49
Corporate expenses	(3,428)	(2,292)
Loss before income tax	(13,749)	(4,663)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

d) Reconciliation of Assets

	2019 \$'000	2018 \$'000
Segment assets	30,603	22,352
Corporate assets	288	65
Cash, cash equivalents and restricted cash	29,189	14,290
Total assets as per the balance sheet	60,080	36,707
Segment liabilities	20,976	10,737
Corporate liabilities	1,564	685
Total liabilities as per the balance sheet	22,540	11,422

NOTE 20: REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by the auditor of the Group, and its related practices and non-related audit firms.

a) Audit services

	2019 \$	2018 \$
PricewaterhouseCoopers Australian firm		
- Audit and review of financial statements and other audit work under the <i>Corporations Act 2001</i>	73,060	67,260
- Audit of the Form 5 operations report	-	4,335
Total remuneration for audit services	73,060	71,595

b) Non-audit services

	2019 \$	2018 \$
PricewaterhouseCoopers		
- Tax services	34,170	21,930
- Accounting services	35,190	-
Total remuneration for non-audit services	69,360	21,930

NOTE 21: SUBSIDIARIES

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2019 (%)	2018 (%)
Mincor Operations Pty Ltd	Australia	Ordinary	100	100
Mincor Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor Gold Pty Ltd	Australia	Ordinary	100	100
Mincor Copper Pty Ltd	Australia	Ordinary	100	100
Mincor Tungsten Pty Ltd	Australia	Ordinary	100	100
Mincor Zinc Pty Ltd	Australia	Ordinary	100	100
Goldfields Mine Management Pty Ltd ¹	Australia	Ordinary	100	100
Mincor Coal Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor Iron Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor PNG Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor Long Pty Ltd ²	Australia	Ordinary	100	-

1) This subsidiary has been granted relief from the requirement to prepare financial reports and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information, refer to Note 22.

2) Acquisition of Mincor Long Pty Ltd (formerly Independence Long Pty Ltd) completed on 31 May 2019. Refer to Note 11 for details of the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 22: DEED OF CROSS GUARANTEE

Mincor Resources NL and Goldfields Mine Management Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entity has been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

a) Consolidated Statement of Profit or Loss and Other Comprehensive Income, and a Summary of Movements in Consolidated Retained Earnings

Mincor and Goldfields Mine Management Pty Ltd represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Mincor, they also represent the extended closed group. Set out below is a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2019 of the closed group.

	2019 \$'000	2018 \$'000
Revenue from contracts with customers	40,676	-
Cost of sales	(40,382)	-
Gross profit	294	-
Administrative expenses	(3,313)	(2,627)
Depreciation and amortisation	(51)	(145)
Exploration costs expensed as incurred	(8,790)	(3,879)
Gain on sale of property, plant and equipment	395	1,323
Impairment of property, plant and equipment	(2,187)	-
Share based payments	(105)	25
Foreign exchange (losses)/gain	30	49
Other income	204	578
Operating loss	(13,523)	(4,676)
Finance costs	-	(8)
Loss before income tax	(13,523)	(4,684)
Income tax benefit	-	-
Loss for the year	(13,523)	(4,684)
Other comprehensive income		
Other comprehensive loss for the year, net of tax	-	-
Total comprehensive loss for the year	(13,523)	(4,684)
Summary of movements in consolidated retained earnings		
Accumulated losses at the beginning of the financial year	(75,699)	(71,015)
Loss for the year	(13,523)	(4,684)
Accumulated losses at the end	(89,222)	(75,699)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

b) Statement of Financial Position

Set out below is a consolidated statement of financial position as at 30 June 2019 of the closed group consisting of Mincor and Goldfields Mine Management Pty Ltd.

	2019 \$'000	2018 \$'000
Current Assets		
Cash and cash equivalents	28,968	14,114
Restricted cash	176	176
Trade and other receivables	524	756
Inventory	4,484	1,702
Total Current Assets	34,152	16,748
Non-Current Assets		
Property, plant and equipment	2,607	7,770
Exploration and evaluation expenditure	12,175	12,175
Investment	6,116	-
Total Non-Current Assets	20,898	19,945
TOTAL ASSETS	55,050	36,693
Current Liabilities		
Payables	7,296	3,764
Provisions	589	711
Total Current Liabilities	7,885	4,475
Non-Current Liabilities		
Financial liabilities	2,331	-
Provisions	7,073	6,938
Total Non-Current Liabilities	9,404	6,938
TOTAL LIABILITIES	17,289	11,413
NET ASSETS	37,761	25,280
Equity		
Contributed equity	59,141	33,242
Reserves	67,842	67,737
Accumulated losses	(89,222)	(75,699)
TOTAL EQUITY	37,761	25,280

NOTE 23: OTHER ARRANGEMENTS

The Group has the following arrangements with other entities:

Name	Principal activity	Percentage interest	
		2019	2018
Carnilya Hill Joint Venture	Nickel exploration	70	70
Tottenham Farm-Out ¹	Copper-gold exploration	80.12	80.12

1) On 9 March 2018, Resources Pty Ltd ("Bacchus") met its First Option Earn-In Obligation under the Joint Venture Agreement. Bacchus has exercised its First Earn-In Option and is entitled to a 19.88% interest in the Tottenham Copper-Gold Project located in New South Wales. Bacchus has also elected to proceed with the Second Option, whereby it can increase its interest in the Project to a maximum of 30% by continuing its exploration expenditure to a cumulative total of \$700,000.

The above arrangements are contractual in nature and the parties do not share joint control. The Group accounts for these interests by recognising its share of assets, liabilities, income and expense.

NOTE 24: RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and at conditions no more favourable than those available to other parties unless otherwise stated.

a) Parent Entity

The ultimate parent entity within the Group is Mincor.

Interests in subsidiaries are set out in Note 21.

b) Key Management Personnel Compensation

	2019 \$	2018 \$
Short-term employee benefits	1,461,619	1,059,365
Post-employment benefits	83,406	81,808
Long-term employment benefits	3,883	(29,688)
Share-based payments	88,543	(25,212)
	1,637,451	1,086,273

Disclosures relating to KMP remuneration are set out in the remuneration report.

c) Subsidiaries

The aggregate amounts receivable from/payable to controlled entities are on an interest-free basis and are repayable on demand.

d) Transaction with other related parties

During the previous financial year ended 30 June 2018, BTL Mining Advisory, a related entity of Mr BT Lambert provided consultancy services which were deemed to be provided outside of the ordinary requirements of Non-executive Director duties. A total consultancy fee of \$5,891 was invoiced to the Group for the 30 June 2018 reporting period. This transaction was based on normal commercial terms and conditions. There were no transactions with BTL Mining Advisory in 2019.

There was no other transaction with KMP of the Group during the 2019 and 2018 financial year.

NOTE 25: EARNINGS PER SHARE

	2019 Cents	2018 Cents
a) Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company	(6.1)	(2.3)
b) Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Company	(6.1)	(2.3)
	2019 \$'000	2018 \$'000
c) Earnings used in calculating earnings per share		
<i>Basic and diluted earnings per share</i>		
Loss for the year	(13,749)	(4,663)
Loss attributable to the ordinary equity holders of the Company	(13,749)	(4,663)
	2019	2018
d) Weighted average number of shares used as the denominator		
<i>Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share</i>		
	225,736,778	203,331,563

The Performance Rights and Options granted during the financial year are not included in the calculation of diluted earnings per share as they are antidilutive.

NOTE 26: SHARE-BASED PAYMENTS

a) Options

Details of the Options granted are set out below.

Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Opening balance	Options granted	Options vested	Options lapsed	Closing balance
18 May 2016	18 May 2018	18 May 2021	\$0.50	\$0.1254	5,550,000	-	5,550,000	(150,000)	5,400,000
13 Mar 2019	1 Feb 2022	13 Mar 2024	\$0.40	\$0.1554	-	1,500,000	-	-	1,500,000
13 Mar 2019	1 Feb 2022	13 Mar 2024	\$0.50	\$0.1237	-	1,500,000	-	-	1,500,000

The weighted average contractual life of Options outstanding at the end of the period was 2.89 years (2018: 2.88). Further details of the Options including terms of grants and conditions are provided in the remuneration report.

The fair value at grant date stated in the table above is determined using the Binomial option valuation methodology for Options granted in 2016 and the Black-Scholes valuation methodology for Options granted in 2019, and takes into account the following inputs:

Metric	Options expiring 13 March 2024	Options expiring 18 May 2021
Exercise price	\$0.40 and \$0.50	\$0.50
Grant date	13 March 2019	18 May 2016
Expiry date	13 March 2024	18 May 2021
Share price at grant date	\$0.365	\$0.340
Expected price volatility of the Company's shares	49%	75%
Expected dividend yield	0%	0%
Risk-free interest rate	1.601%	1.550%

The assessed fair value of Options granted on 13 March 2019 was:

- 11.33 cents per Option where the exercise price is 40 cents per option; and
- 8.75 cents per Option where the exercise price is 50 cents per option.

The assessed fair value of Options granted on the 18 May 2016 under the ESOP was 12.54 cents per option.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

b) Performance Rights

Set out below are summaries of Performance Rights granted under the Employee Equity Incentive Plan:

Class	Grant date	Vesting date	Expiry date	Opening balance (number)	Granted during the year (number)	Vested and converted to shares during the year (number)	Lapsed during the year (number)	Closing balance (number)
2015/4	2 Oct 2015	31 Dec 2019	2 Oct 2019	200,000	-	(122,200)	(77,800)	-
-	13 Mar 2019	30 Jun 2022	30 Jun 2024	-	1,404,889	-	-	1,404,889
-	19 Mar 2019	30 Jun 2021	30 Jun 2023	-	799,342	-	-	799,342
Total				200,000	2,204,231	(122,200)	(77,800)	2,204,231
Weighted average fair value				\$0.26				\$0.24

The weighted average contractual life of Performance Rights outstanding at the end of the period was 4.64 years (2018: 1.26). Performance Rights over ordinary shares are granted under the Incentive Plan for nil cash consideration. Further details of the Incentive Plan including terms of grants and performance hurdles are provided in the remuneration report.

c) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2019 \$'000	2018 \$'000
Options issued (refer to Note 16)	42	-
Performance Rights (refer to Note 16)	63	(25)
	105	(25)

d) Acquisition Arising from Share-based Payment Transactions

On 3 June 2019, 7,777,778 fully paid shares were issued at a deemed issue price of \$0.45 for the acquisition of Long Nickel Operations as part of the upfront consideration (refer to Note 11).

e) Other Share-based Payment Transactions

During the financial year, 375,000 fully paid shares were issued in lieu of cash as part of consideration for corporate advisory services.

NOTE 27: PARENT ENTITY FINANCIAL INFORMATION

a) Summary Financial Information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019 \$'000	2018 \$'000
Statement of Financial Position		
Current assets	34,125	16,715
Total assets	100,236	81,874
Current liabilities	3,206	4,280
Total liabilities	83,980	77,959
Shareholders' equity		
Issued capital	59,141	33,242
Reserves		
- Share-based payments	5,867	5,762
- Dividend distribution reserve	61,976	61,976
Accumulated losses	(110,728)	(97,065)
Total Shareholders' equity	16,256	3,915
Loss for the year	(13,662)	(4,582)
Total comprehensive loss	(13,662)	(4,582)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

b) Guarantees entered into by the Parent Entity

Mincor and Goldfields Mine Management Pty Ltd have provided a cross guarantee as described in Note 22. No deficiencies of assets exist in any of these entities.

c) Contingent Assets and Liabilities of the Parent Entity

There are no known contingent assets or liabilities in the parent entity as at 30 June 2019 (2018: nil).

d) Contractual Commitments for the Acquisition of Property, Plant and Equipment

As at 30 June 2019, the parent entity had no contractual commitments (2018: nil).

e) Dividend Distribution Reserve

Mincor Resources NL (the parent entity) established a separate reserve for the purpose of separately identifying profits from prior income years from which the parent entity may pay future dividends. This reserve is referred to as the "Dividend Distribution Reserve". On the date of establishment, an amount of \$61,975,000 was transferred from retained earnings to this reserve. Transferring amounts into this reserve creates no obligation on the parent entity to make dividend payments in the future. The parent entity will, at its sole discretion, assess on a period-by-period basis whether to transfer any further profits into such reserves and also whether to subsequently declare and pay dividends.

NOTE 28: EVENTS OCCURRING AFTER BALANCE SHEET DATE

There has not been any other matter or circumstance occurring subsequent to end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the financial statements and notes set out on pages 18 to 47 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; 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; and
- c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 22 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 22.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Dated at Perth this 28th day of August 2019.



D Southam
Managing Director



Independent auditor's report

To the members of Mincor Resources NL

Report on the audit of the financial report

Our opinion

In our opinion:

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

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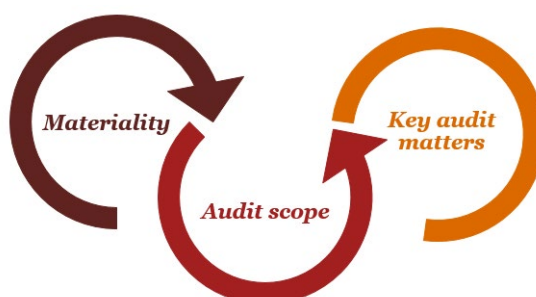
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Our audit approach

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

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

The Group holds nickel exploration and gold mining tenements predominantly in the Kambalda district in Western Australia. The Group's activities for the year were primarily focused on advancing nickel exploration and operations at the Widgiemooltha Gold Project.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$590,000, which represents approximately 1% of the consolidated total assets of the Group as at 30 June 2019. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose consolidated total assets as, in our view, it is the metric against which the performance of the Group, as a mining company still exploring is most commonly measured. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> Assessment of impairment of gold assets Accounting for the acquisition of the Long Nickel operations These are further described in the <i>Key audit matters</i> section of our report.

- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds within the mining industry.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of impairment of gold assets (Refer to note 9) \$2.19 million (expense)</p> <p>At 30 June 2019, the Group held Property, Plant & Equipment assets of \$6.36 million. The Group considered whether there were any indicators of impairment for any individual assets or cash generating units (CGU's).</p> <p>Indicators of possible impairment were identified for the Gold CGU due to the winding down of the Widgiemooltha Gold Project ("WGP").</p> <p>Accounting standards require the carrying value of assets tested for impairment to be compared to their recoverable amount. The Group has estimated the recoverable amount for the Gold CGU based on a Value in Use (VIU) assessment utilising the budgeted cashflows for the 30 June 2020 financial year.</p> <p>As described in note 9, the Group has recognised impairment charges in relation to the Gold CGU of \$2.19 million during the year ended 30 June 2019.</p> <p>This was a key audit matter because of the significant judgement involved in considering impairment indicators, estimating the recoverable amount of the CGU, and the impact of impairment on the financial report.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Evaluated the Group's assessment of whether there were any indicators of asset impairment at 30 June 2019. This led us to focus on the Gold CGU. • Assessed the division of the Group's assets into cash generating units (CGUs), which are the smallest identifiable groups of assets that can generate largely independent cash inflows, was consistent with our knowledge of the Group's operations and internal Group reporting. • Obtained the Group's VIU assessment for the Gold CGU and considered if the impairment model was consistent with the basis of preparation required by Australian Accounting Standards. • Assessed whether the CGU included assets, liabilities and cash flows directly attributable to the CGU and a reasonable allocation of corporate assets and overheads. • Compared the key market related assumption, being forecast gold price, to relevant external data. • Examined the assumptions on production volumes and operating cash outflows and considered whether they were consistent with the Group's mine plan and operating budgets, as well as actual performance outcomes achieved to date. • Evaluated the adequacy of the disclosures made in note 9 in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
<p>Accounting for the acquisition of the Long Nickel operations (Refer to note 11) \$6.12 million</p> <p>On the 23 May 2019, Mincor executed a share sale agreement with Independence Group NL to purchase 100% of the shares of the Long Nickel operations (Mincor Long Pty Ltd, formally Independence Long Pty Ltd).</p> <p>As described in note 11, the Group has accounted for this transaction as an asset acquisition, rather than a business combination, as the assets did not meet the definition of a business under accounting standards at the date of acquisition.</p> <p>The Group determined the fair value of the purchase consideration to be \$6.12 million inclusive of contingent consideration of \$2.33 million related to cashflows payable on specified production milestones being reached.</p> <p>This is a key audit matter because of the significant judgements involved in determining the accounting treatment for the acquisition, estimating the fair value of the contingent consideration and the allocation of the consideration to the identified assets and liabilities on the balance sheet.</p>	<p>Our audit procedures included the following, amongst others:</p> <ul style="list-style-type: none"> • Read the Share Sale agreement and considered whether the relevant evidence, including ASX announcements by the Group, were consistent with the Group's determination of the acquisition date based on the requirements of Australian Accounting Standards. • Considered the Group's assessment of the accounting treatment for the acquisition; specifically whether the transaction met the definition of a business under AASB 3 <i>Business Combinations</i>. • In relation to the valuation of the contingent consideration, our procedures included, amongst others: <ul style="list-style-type: none"> ○ assessing if the calculation of the contingent consideration was in accordance with the contractual arrangements and the requirements of Australian Accounting Standards ○ assessing the Group's evaluation whether the conditions required for the contingent consideration to be paid were likely to be met in the future based upon current internal forecasts and, where applicable, market forecasts ○ assessing, with the assistance of our valuations experts, the appropriateness of the Group's discount rate and probabilities used to discount the future payments • Assessed the fair value of the assets and liabilities of recognised, including: <ul style="list-style-type: none"> ○ considering the valuation methodology in light of the requirements of Australian Accounting Standards ○ considering key assumptions used in valuation procedures/techniques • Evaluated the relative fair value allocated to each of the identified assets and liabilities as a part of the transaction.

Other information

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 6 to 14 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Mincor Resources NL 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.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to be 'CH' followed by a stylized flourish.

Craig Heatley
Partner

Perth
28 August 2019