



dampiergold

DAMPIER GOLD LIMITED

ABN 43 141 703 399

ANNUAL REPORT
for the year ended 30 June 2019

CORPORATE DIRECTORY

Board of Directors

| | |
|----------------|------------------------|
| Malcolm Carson | Executive Chairman |
| Hui Guo | Executive Director |
| Peiqi Zhang | Non-Executive Director |

Company Secretary

Michael Higginson

Principal & Registered Office

29 Brookside Place
Lota, QLD 4179

Postal Address

29 Brookside Place
Lota, QLD 4179

Contact Details

+61 7 3901 0751 (Telephone)
+61 7 3901 0751 (Facsimile)
www.dampiergold.com

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
Nedlands, Western Australia, 6009
+61 8 9389 8033 (Telephone)
+61 8 9262 3723 (Facsimile)
www.advancedshare.com.au

Auditor

Stantons International
Level 2, 1 Walker Avenue
West Perth, Western Australia 6005

ANNUAL REPORT

for the financial year ended 30 June 2019

Table of Contents

| | |
|--|----|
| Chairman's Letter..... | 3 |
| Operations Report..... | 5 |
| Directors' Report..... | 9 |
| Auditor's Independence Declaration to the Directors of Dampier Gold Limited..... | 16 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income..... | 17 |
| Consolidated Statement of Financial Position..... | 18 |
| Consolidated Statement of Changes in Equity..... | 19 |
| Consolidated Statement of Cash Flows..... | 20 |
| Notes to the Consolidated Financial Statements..... | 21 |
| Directors' Declaration..... | 36 |
| Independent Auditor's Report to the Members of Dampier Gold Limited..... | 37 |
| ASX Additional Information..... | 41 |

CHAIRMAN'S LETTER

Dear Shareholder

I am pleased to report on what has been another very busy and challenging year for Dampier, with outstanding progress achieved in securing Dampier's Menzies and Goongarrie Gold Projects and new tenement applications along the Zuleika shear in the Goldfields north west of Kalgoorlie. From our early technical investigations, Dampier's recipe for growth is now clearly mapped out: we invest in exploration at and around highly prospective projects in prospective locations and we grow the mineral inventory which enables us to create and increase gold resources and ultimately achieve production and cashflow. The events of FY2019 illustrate this approach.

A key feature of Dampier's tenements is that they are located in a world class gold mineralisation environment, they are unexplored or underexplored and they contain geological and structural features which warrant testing.

In the June 2019 quarter Dampier carried out additional desk top studies and field work which further confirmed the highly prospective nature of the Menzies and Goongarrie tenements. For example, during the year, Dampier completed for these projects detailed geophysical analysis and interpretation, together with field reconnaissance verification and mapping. This work confirmed the presence of a number of substantial and untested structural features along with untested mafic/ultramafic rocks which require drill testing later this year.

Magnetics and initial field reconnaissance indicate the project areas cover greenstone lithology's comprising intermediate and mafic volcanics with possible ultramafics and banded iron formations. Magnetic interpretation of the northern section of the Goongarrie project area has defined a semi-circular structure which suggests a stoping of the greenstone unit similar to the Goongarrie goldfield located ~30-40km to the east. The Goongarrie tenement was granted in August and it is expected that the Menzies tenement will be approved in the September quarter. Dampier will undertake further ground verification work and drilling campaigns, which will be designed to identify and establish both projects' resource base, with the ultimate aim being to define sufficient resources and reserves to develop a mine. We look forward to testing these targets and advancing these projects in 2019/2020.

Dampier has also been active in adding prospective tenure with the acquisition of 10 prospecting licences totalling 1,790 ha in the highly perspective Zuleika Shear Zone. The Zuleika Shear is a regional high strain NW-SE trending regional corridor which is a known conduit for gold mineralisation concentrating in cross cutting faults and displacement zones along the shear. Dampier's tenements are in the southern section of the Shear, 30km north west of Kundana and 50kms north west of Kalgoorlie.

The gold mineralisation for many mines and significant discoveries in the area can be directly associated with the Zuleika Shear "gold" corridor. These include: Kundana (>5 mozs), EKJV (>3Moz), Castle Hill Mine (>3.8Moz), White Foil (>1.3Moz), Frogs Legs (>0.5Moz), Mt Pleasant (>4Moz), Carbine (>0.5mozs), Cave Rocks (>0.7mozs) and Bullant (>0.2mozs).

In the June quarter, Dampier commenced a desk stop study of the geology and geophysics of this Zuleika Shear zone with a view to identifying cross cutting structures (or splays) cutting across the main shear. Historically, these splays appear to be important features and may represent channels which concentrate gold mineralisation. Dampier will continue with its desk-top geophysical and geological orientation studies during the September and December quarters in preparation for field verification and orientation mapping and drilling on granting of the tenements.

Your Company also holds a 100% interest in 1000sqkm of granted tenements in the Ruby Plains Gold Project near to the Halls Creek Goldfield in Kimberley, Western Australia. Dampier reported in the March 2019 quarter that initial field reconnaissance had confirmed the presence of multiple ancient paleo-channels within the Ruby Plains project area. At this stage the work completed has indicated that the most reliable test for the palaeo channels is to complete detailed aerial photo interpretation and mapping followed by shallow drilling of areas which have the potential to be hosting gold concentrations.

During the year, Dampier continued to pursue its rights to earn up to 50% of the K2 Gold project pursuant to a binding Terms Sheet. The potential underground mining operation at the K2 project has the scope for Dampier to earn a significant return from the projected initial 50,000 ounces of gold production over a 36-month period and scope for the mine to extend to extract a further 50,000 to 100,000 ounces. This projected production has estimated all in sustaining cost of \$1,100/ounce and start-up CAPEX of ~\$6.4¹ which, when in production, would generate for Dampier \$550/ounce at the current gold price.

CHAIRMAN'S LETTER

Dampier's shareholders have been severely disadvantaged with Vango Mining Limited's (Vango) frustrating actions with respect to the K2 Joint Venture and their hostile take-over attempt which incurred considerable management time and cost for the Company. Dampier is currently investigating all options with regard to the K2 joint venture and its development.

During the year, the Company raised a total of \$1m from sophisticated investors, at a time when many companies on the ASX were finding it very difficult to raise funds. This shows the market confidence to Dampier as a rising gold exploration and development company.

On the corporate front, Vango's hostile take-over closed on 4 January 2019. Vango secured 38.8m shares in the take-over, representing ~22% of the Company and fell a long way short of its target of 51%.

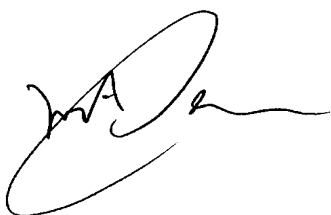
It should be noted that the Dampier shareholders who pre-accepted the bid were the Ruby Plains vendors and their associates, Dampier having announced the purchase of the Ruby Plain Project from the vendors on 18 June 2019. At the close of the bid on 4 January 2019, of the 38.8m shares who accepted the Vango offer, 23m were the Ruby Plains vendors and their associates. This group of Dampier shareholders, at close of the take-over, represented ~60% of all acceptances. The vendors' motives in pre-accepting the Vango bid remain to be investigated. In the absence of this opportunity to secure the pre-acceptances, would Vango have made this opportunistic bid?

Of the balance of the 15m shares that accepted the bid, several million were shareholders of Vango who purchased Dampier shares during the offer period and subsequently accepted the bid. Approximately only 10m shares were held by shareholders not associated with Vango, which demonstrates the confidence of Dampier shareholders, even with the prevailing price of Dampier shares during a period of lack of cooperation from Vango towards developing the K2 mine. Despite the opportunistic takeover bid by Vango, your Board remains very focussed on resolving the dispute with Vango (in the best interests of all Dampier shareholders) and securing a stable foundation that has considerable upside potential for the Company and its shareholders.

Dampier's success in its activities to date is due in no small part to the expertise and dedication of our Board and management and the exploration team, ably supported by our contractors and consultants. As Chairman, I would like to thank them all for their efforts to date.

In closing, I would like to again acknowledge the ongoing support of our shareholders and other stakeholders and look forward with great enthusiasm to building on Dampier's successes in the next 12 months.

Yours sincerely



Malcolm Carson
Executive Chairman

11 September 2019

¹ Refer: Vango Mining Limited (ASX:VAN) announcement dated 14th February 2017, entitled "Upgraded Definitive Feasibility Study (DFS) on K2 Deposit"

OPERATIONS REPORT

K2 Gold Project

Key features of the K2 Gold Project are as follows:

- The K2 gold project is located ~30km north east of Superior/Billabong's Plutonic Mine and processing plant, approximately 180km south of Mt Newman and ~50km north of Sandfire's Degruessa copper gold mine.
- K2 was previously mined as an open cut in 1997 by Resolute Mining producing 0.96mt @ 4 g/t for 124koz.
- Resolute proposed the establishment of underground operations and from a box cut developed a 1.4km decline which accessed the K2 ore blocks.
- However, before underground mining commenced Resolute abandoned the mine due to prevailing weak gold prices at that time.
- At current gold prices, the development of K2 is commercially viable and robust, based on the mining of an initial 49,000 ounces from the existing mineral resource inventory.
- Processing options are being considered and include toll treatment at nearby facilities or installation of a stand-alone processing plant.
- A major commercial feature of the mine is that it can be brought into production in an estimated 9 months, for a modest CAPEX of circa A\$6.4M.

Figure 1: Abandoned K2 open cut



Figure 2: K2 box cut decline



Vango Highlights in its 14/02/2017 announcement:

Dampier refers readers to the announcement by Dampier's JV partner, Vango Mining Limited (ASX: VAN) on 14 February 2017 in which Vango released to the ASX the results of an upgraded Definitive Feasibility Study (DFS) on the K2 Deposit.

The results of the upgraded DFS are highly positive and further strengthen the economic robustness of the K2 Deposit. Please note that this upgraded study was completed at a gold price of A\$1,597/ounce. The current gold price is A\$2,276/ounce.

The headline results of this study include:

1. Pre-tax NPV increased to \$19.02 million from \$14.87 million in the previous DFS update of October 2014, based on 49,000 ounces recovered at a spot gold price in February 2017 of A\$1,597/ounce;
2. Internal Rate of Return (IRR) estimated at 382%, a 67% increase from the 229% estimated in the October 2014 DFS update;
3. Pre-production Capital costs are estimated at \$6.4 million;
4. All-In Sustaining Unit Cost of Production of approximately A\$1135/ounce;
5. Free cash flows of \$22.7 million over an initial two-year mine life based on spot price A\$1,597/ounce, compared to \$18.2 million in the October 2014 DFS update; and
6. Payback period of approximately 13 months.

OPERATIONS REPORT

The updated DFS was determined using estimated total mined tonnes of 245,214 and head grade of 6.91 g/t gold (unchanged from October 2014 DFS) and the upgraded DFS did not consider the potential for additional resources that may be delineated by additional exploration and resource drilling.

Zuleika Shear Zone Project

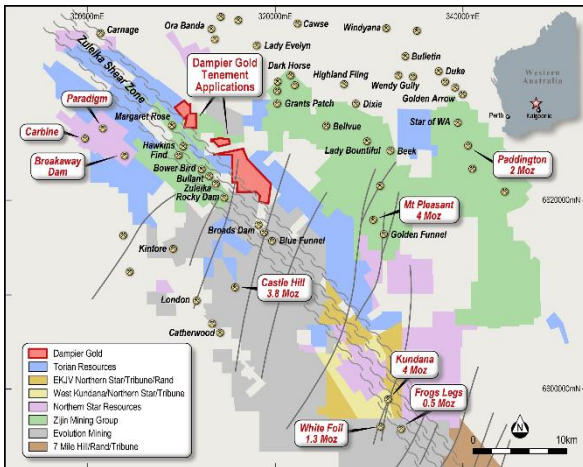


Figure 3: Zuleika Shear Zone

The Zuleika Shear Zone is a significant NW-SE trending structural feature located around 20kms west of Kalgoorlie. It is the host of a number of significant gold resources including Kundana (>5 mozs), Carbine (>0.5mozs), Cave Rocks (>0.7mozs) and Bullant (>0.2mozs).

During the June quarter Dampier commenced a desk stop study of the geology and geophysics of this shear zone culminating in the application for 7 prospecting licences totalling 1,263 ha in early July.

A key component of these application areas is the potential to host NE trending splays off the main shear. These splays appear to be important components of significant gold resources located to the east and will be further evaluated during the September quarter.

Menzies and Goongarrie Projects

The Menzies and Goongarrie projects are located ~100km north northwest of the Kalgoorlie Golden Mile, which in turn is located around 600km east of Perth, Western Australia.

Both projects have had minimal modern exploration carried out.

The Menzies project, which covers 196sqkm, has been secured to explore the potential western extension of the prolific Menzies greenstone sequence in addition to the granite: greenstone contact in that area.

The project also covers what is interpreted to be the likely paleo drainage direction for the Menzies gold camp and consequently presents an attractive Tertiary channel Au target.

The Goongarrie project is located on trend between the Kundana K2 and Kalgoorlie shear zones and represents a grass roots gold and VMS base metal (Volcanogenic Massive Sulphide) play.

Magnetics and initial field reconnaissance indicates the project area covers greenstone lithology's comprising intermediate and mafic volcanics with possible ultramafics and banded iron formation.

Magnetic interpretation of the northern section of the Goongarrie project area has defined a semi-circular structure which suggests a stoping of the greenstone unit similar to the Goongarrie goldfield located ~30-40km to the east.

During the June quarter, Dampier carried out additional desk top studies in anticipation of both project tenements being approved in the September quarter.

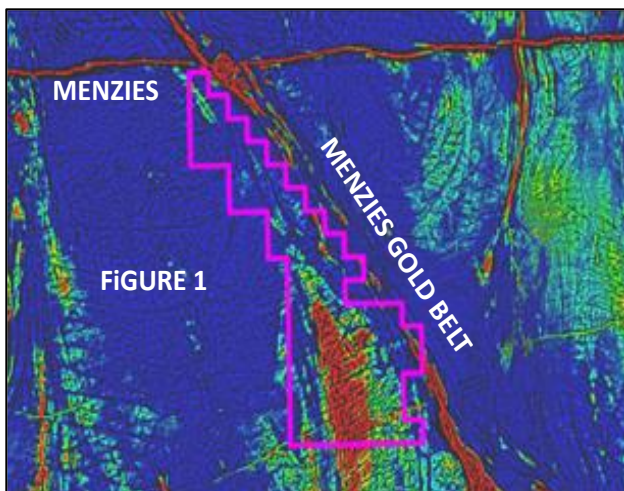


Figure 4: Menzies project magnetics

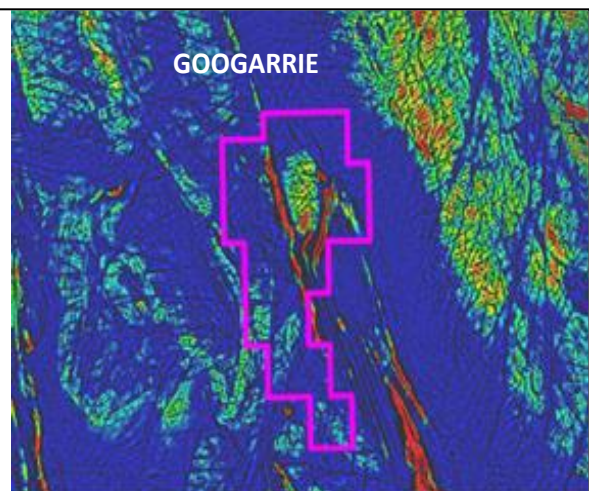


Figure 5: Goongarrie project magnetics

Figures 4 and 5 show the presence of significant untested structures and intrusive bodies in both the Menzies and Goongarrie project areas.

OPERATIONS REPORT

Ruby Plains Gold Project

Dampier has reported that initial field reconnaissance had confirmed the presence of multiple ancient paleo-channels within the Ruby Plains project area.

The Ruby Plains project area has had a number of desk top studies completed by previous tenement holders with a unified interpretation that the project area has the potential to host alluvial accumulations of gold eroded from the Halls Creek gold field and Halls Creek mobile zone.

Field evaluation by previous tenement holders was, however, very limited and Dampier has continued to build a data base to provide targeted areas for a first stage field exploration programme.

This data base gathering has included sourcing, wherever possible, the location and drill logs of water bores completed within the project area. In addition, Dampier has undertaken desk top studies to evaluate the potential of various geophysical tools to assist in the delineation of the paleo channels.

At this stage, the work completed has indicated that the most reliable test of the palaeo channels will be drilling and work is continuing to prioritise target areas.

Dampier has been undertaking further desktop studies, based on these results, to define future exploration programs at Ruby Plains.

Malcolm Carson
Chairman

Competent Persons Statement

Mr Malcolm Carson has compiled information in this report from information and exploration results supplied to Dampier Gold Limited. Malcolm Carson has sufficient experience that is relevant to the style of mineralisation, the types of deposits under consideration and to the activity that he is undertaking and qualifies as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code"). Mr Carson is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Geoscientists (AIG) and is a Director of Dampier Gold Limited and Allegiance Coal Limited. Mr Carson consents to the inclusion in the report the matters based on the information in which it appears.

OPERATIONS REPORT

Tenement Holdings as at 5 September 2019

Zuleika Shear Tenement Applications

| Tenement Number | Application Date | Area (Ha) |
|-----------------|------------------|-----------------|
| P16/3223 | 8 July 2019 | 170 |
| P16/3224 | 8 July 2019 | 111 |
| P16/3225 | 8 July 2019 | 192 |
| P16/3226 | 8 July 2019 | 197 |
| P16/3227 | 8 July 2019 | 197 |
| P16/3228 | 8 July 2019 | 197 |
| P16/3229 | 8 July 2019 | 199 |
| | Total | 1,263 Ha |

Menzies Project Tenement

| Tenement Number | Blocks | Area (Ha) |
|-----------------|--------|-----------|
| ELA29/1052 | 70 | 19,600 |

Goongarrie Project Tenement

| Tenement Number | Blocks | Area (Ha) |
|-----------------|--------|-----------|
| ELA29/1051 | 55 | 15,400 |

Ruby Plains Tenements

| Tenement Number | Blocks | Area (Ha) |
|-----------------|--------|-----------|
| E80/5143 | 170 | 53,700 |
| E80/5144 | 21 | 6,600 |
| ELA80/5161 | 49 | 15,500 |
| ELA80/5162 | 20 | 6,300 |
| ELA80/5291 | 10 | 3,200 |
| ELA80/5292 | 14 | 4,400 |
| ELA80/5293 | 4 | 1,300 |
| ELA80/5294 | 6 | 1,900 |
| ELA80/5295 | 29 | 9,200 |

DIRECTORS' REPORT

The Directors of Dampier Gold Limited (**Dampier** or the **Company**) submit their Annual Financial Statements for the financial year ended 30 June 2019.

Directors

The names and particulars of the Directors of the Company in office during the year and until the end of the financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Malcolm Carson, Executive Chairman

Mr Malcolm Carson (BSc, MSc, AUSIMM, AIG) has over 39 years' experience in the resource sector including field exploration geologist and commercial evaluation of mineral resources and project finance. Mr Carson has held senior positions in exploration and mining companies, the West Australian Government, investment banks and executive roles in ASX and TSX publicly listed companies.

Mr Carson is a director of Allegiance Coal Limited and a director of Canadian listed company Pacific Wildcat Corporation.

Hui Guo, Executive Director

Ms Hui Guo has more than 18 years' experience in mining M&A, capital raising and corporate governance and has led a number of acquisitions and investments in near-term production opportunities. Ms Guo is also the founder of Westlink Capital, a funding platform for facilitating and co-investing Australian resource sector projects with value uplift for Australian and Asian investors. Ms Guo was previously a senior manager at PricewaterhouseCoopers in the finance sector.

Peiqi Zhang, Non-Executive Director

Mr Peiqi Zhang has more than 30 years' experience and knowledge in the Chinese mining industry. Mr Zhang is the Chairman and founder of China Shanxi Guxian Jin Yu Coking Co., Ltd, Chairman of Inner Mongolia Jiyuan Iron and Steel Company, a senior member of Shanxi Province Federation of Industry and the Standing Committee, and a senior member of the CPPCC Standing Committee of Linfen City. China Shanxi Guxian Jin Yu Coking Co., Ltd mining enterprise has annual sales income of more than one billion Yuan, fixed assets of 500 million Yuan, employs 650 workers and has an annual production of 800,000 tons of coal. He is also a fellow of world academy of productivity science, and the Vice President of Glory Institution, a well-known charity organisation in China. Mr Zhang is one of the prominent leaders in the mining industry of Shanxi Province.

Company Secretary

Michael Higginson

Mr Higginson is the holder of a Bachelor of Business Degree. Mr Higginson was formerly an executive officer with the Australian Securities Exchange and has, over the last 31 years, held numerous company secretarial and directorship roles with a range of public listed companies both in Australia and the UK.

Mr Higginson is a director of SportsHero Limited, Voltage IP Limited and Cape Range Limited.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and unlisted options of Dampier Gold Limited are:

| Director | Directors interests in ordinary shares | | Directors interests in unlisted options | |
|----------------|--|--------------------------|---|--------------------------|
| | Current holding | Net increase/ (decrease) | Current holding | Net increase/ (decrease) |
| Malcolm Carson | 3,147,544 | 3,147,544 (ii) | 3,000,000 | (3,000,000) (iii) |
| Peiqi Zhang | 12,630,849 (i) | - | - | - |
| Hui Guo | 3,000,000 | 3,000,000 (ii) | 3,000,000 | (3,000,000) (iii) |

- (i) 12,630,849 shares are registered in the name of Columbus Minerals Pty Ltd. Mr Zhang has a relevant interest in these shares. Mr Carson is a director of Columbus Minerals Pty Ltd, but does not have a relevant interest in these shares.
- (ii) Following the receipt of shareholder approval, on 16 October 2018 the Company issued 3,000,000 shares for nil consideration to the nominees of each of Mr Carson and Ms Guo. Subsequent to that, Mr Carson acquired 107,545 shares on-market on 12 February 2019 and acquired 40,000 shares off-market on 24 June 2019.
- (iii) On 31 July 2019, 6,000,000 options each exercisable at \$0.05 expired.

DIRECTORS' REPORT

Principal Activities

The principal activities of the Company during the year were the dispute in relation to the farm-in joint venture with Vango, securing an 80% interest in the Menzies and Goongarrie Projects, and the evaluation of many gold project joint ventures and asset sales.

Financial Review

During the year, total exploration expenditure capitalised by the Company for the year amounted to \$390,000, being the cost of acquisition of the 80% interest in the Menzies and Goongarrie Projects.

In line with the Company's accounting policies, all other exploration expenditure was expensed as incurred. The low level of exploration expenditure was as a result of the reduced exploration activities undertaken by the joint venture partners at the K2 Mine.

The Company is ever mindful of the current lack of equity market support for junior explorers and is focussing on cost management in the interest of preserving cash.

The Company's net asset position decreased from \$2,364,360 to \$2,248,501. Net operating cash expenditure was \$1,399,727, offset by the issue of 40,000,000 shares which raised \$1,000,000 and the issue of 10,000,000 shares at a deemed issue price of \$0.037 per share to acquire an 80% interest in the Menzies and Goongarrie Projects.

As at 30 June 2019, cash and cash equivalents totalled \$1,530,152 (2018: \$1,949,879).

Operating Results for the Year

Summarised operating results are as follows:

| | 2019 | |
|---|----------------|---------------|
| | Revenues \$ | Results \$ |
| Revenues and loss from continuing operations before tax | 37,066 | (1,735,988) |

Shareholder Returns

Profit/(loss) per share

From continuing and discontinued operations

| | | |
|---|--------|--------|
| Basic profit/(loss) per share (cents) | (1.10) | (1.47) |
| Diluted profit/(loss) per share (cents) | (1.10) | (1.47) |

From continuing operations

| | | |
|---|--------|--------|
| Basic profit/(loss) per share (cents) | (1.10) | (1.58) |
| Diluted profit/(loss) per share (cents) | (1.10) | (1.58) |

From discontinued operations

| | | |
|---|------|------|
| Basic profit/(loss) per share (cents) | 0.00 | 0.11 |
| Diluted profit/(loss) per share (cents) | 0.00 | 0.11 |

The average market price of the Company's shares did not exceed the exercise price of any of the options on issue at 30 June 2019. Therefore, diluted earnings per share is the same as basic earnings per share.

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

Given the size of the Company, the number of employees and the scale of its present activities, the Board is of the view that, at this stage, a separate risk committee is not necessary. The Company believes that it is important for all Board members to be a part of the risk management process and accordingly such matters of risk are discussed and dealt with by the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks and opportunities identified by the Board. These include the following:

- Board oversight and approval of Company activities and reporting obligations.
- delegated authority limits exist in respect of financial expenditure and other business activities.
- a comprehensive insurance program is undertaken.

DIRECTORS' REPORT

Significant Changes in the State of Affairs

On 10 August 2018, the Company announced the issue of a Notice of Dispute in relation to the binding Terms Sheet dated 12 May 2017 between Vango and the Company.

On 17 September 2018, Vango launched a conditional takeover offer to acquire all of the shares on issue in Dampier. The offer being 2 Vango shares for every 7 Dampier shares.

Following the receipt of shareholder approval on 18 September 2018, on 16 October 2018 the Company issued 3,000,000 fully paid shares for nil consideration to the nominees of each of Mr Carson and Ms Guo.

On 16 October 2018, the Company announced the completion of a share placement of 40,000,000 fully paid ordinary shares at an issue price of \$0.025 per share, to raise \$1,000,000 (before costs) in working capital.

On 7 January 2019, the Company announced the acquisition of an 80% interest in the Menzies and Goongarrie Projects for a consideration of 10,000,000 fully paid ordinary shares and a cash payment of \$20,000.

On 8 January 2019, Vango issued a final substantial shareholder notice which disclosed that Vango held 38,786,191 fully paid shares in the capital of the Company.

On 2 April 2019, the Company issued 1,000,000 fully paid ordinary shares in payment of legal fees totalling \$28,129.

Other than as disclosed in this Report, no other significant changes in the state of affairs of the Company occurred during the financial year.

Significant Events after the Balance Date

On 31 July 2019, 6,000,000 options exercisable at \$0.05 each expired.

On 7 August 2019, the Company issued 11,585,711 fully paid ordinary shares at an issue price of \$0.028 per share to raise \$324,400 in working capital and 2,260,143 fully paid ordinary shares at an issue price of \$0.028 per share to extinguish \$63,284 in liabilities.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Likely Developments and Expected Results

The Company continues its search for new resource projects or other new business opportunities that have the potential to generate positive cash flows and enhance shareholder value. Activity levels will, however, be impacted by the state of the equity markets, the expectations of vendors and the ability of the Company to raise funds for any new acquisition and working capital.

Environmental Regulation and Performance

The Company is subject to significant environmental regulation with respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved and, in doing so, so far as it is aware, is in compliance with all environmental regulation. The Directors of the Company are not aware of any breach of environmental legislation for the year under review.

DIRECTORS' REPORT

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

The remuneration policy has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Dampier Gold Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriately qualified Directors and executives to run and manage the Company.

The remuneration policy, setting the terms and conditions for executive Directors and other senior executives, was developed by the Board. Executives receive a base salary (which is based on factors such as experience and skills) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when or if required (no remuneration consultants were used during the year ended 30 June 2019). The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). Fees for Non-Executive Directors are not linked to the performance of the Company.

Performance based remuneration

The Company has no short term incentives included in executive remuneration packages.

Company performance, shareholder wealth and Directors' and executives' remuneration

No relationship exists between shareholder wealth, Directors' and executive remuneration and Company performance.

B. Details of remuneration

Details of remuneration of the Directors and other key management personnel (as defined in *AASB 124 Related Party Disclosures*) of Dampier Gold Limited are set out in the following table.

The key management personnel of Dampier Gold Limited are the Directors and Company Secretary, as listed on page 9.

Given the size and nature of operations of Dampier Gold Limited, there are no other personnel who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

The tables below show the 2019 and 2018 figures for remuneration received by the Directors and other key management personnel.

| | Short Term | | | Post-employment | | Share-based payments (iii) | Total | Proportion of remuneration performance related |
|---------------------------------------|----------------|----------|---------------------------|-----------------|---------------------|----------------------------|----------------|--|
| | Salary & fees | Bonus | Non-Monetary benefits (i) | Superannuation | Retirement benefits | | | |
| 2019 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Directors | | | | | | | | |
| Malcolm Carson (ii) | 166,000 | - | 4,052 | 3,420 | - | 111,000 | 284,472 | 39 |
| Peiqi Zhang | 36,000 | - | 4,052 | - | - | - | 40,052 | - |
| Hui Guo | 166,000 | - | 4,052 | 3,420 | - | 111,000 | 284,472 | 39 |
| Other key management personnel | | | | | | | | |
| Michael Higginson | 32,475 | - | 4,052 | - | - | - | 36,527 | - |
| Total | 400,475 | - | 16,208 | 6,840 | - | 222,000 | 645,523 | 34 |

(i) Relates to Directors and Officers Indemnity Insurance paid on behalf of the Directors and Officers of the Company.

(ii) Mr Carson's short term and post-employment benefits were paid to Mineral Resource Consultants Pty Ltd, a company controlled by Mr Carson (Refer note 15 - Key management personnel disclosures).

(iii) On 16 October 2018 the Company issued 3,000,000 fully paid shares for nil consideration to the nominees of each of Mr Carson and Ms Guo. The shares were valued at the last traded price of the Company's shares on the ASX on the date of shareholder approval.

DIRECTORS' REPORT

| | Short Term | | | Post-employment | | Share-based payments | Total | Proportion of remuneration performance related |
|---------------------------------------|----------------|----------|---------------------------|-----------------|---------------------|----------------------|----------------|--|
| | Salary & fees | Bonus | Non-Monetary benefits (i) | Superannuation | Retirement benefits | | | |
| 2018 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Directors | | | | | | | | |
| Malcolm Carson (ii) | 204,000 | - | 3,250 | 3,420 | - | - | 210,670 | - |
| Peiqi Zhang | 36,000 | - | 3,250 | - | - | - | 39,250 | - |
| Hui Guo | 166,000 | - | 3,250 | 3,420 | - | - | 172,670 | - |
| Other key management personnel | | | | | | | | |
| Michael Higginson | 31,099 | - | 3,250 | - | - | - | 34,349 | - |
| Total | 437,099 | - | 13,000 | 6,840 | - | - | 456,939 | |

(i) Relates to Directors and Officers Indemnity Insurance paid on behalf of the Directors and Officers of the Company.

(ii) Mr Carson's short term and post-employment benefits were paid to Mineral Resource Consultants Pty Ltd, a company controlled by Mr Carson (Refer note 15 - Key management personnel disclosures).

C. Service Agreements

The Company has not entered into any service agreements with Directors or the Company Secretary.

D. Share-based Compensation

Shares issued as compensation

Following the receipt of shareholder approval on 18 September 2018, on 16 October 2018 the Company issued 3,000,000 fully paid shares for nil consideration to the nominees of each of Mr Carson and Ms Guo (2018: nil shares).

Options over equity instruments granted as compensation

There were no options over ordinary shares in the Company that were granted as compensation to Directors and key management personnel during the reporting period (2018: nil options).

Equity instrument disclosures relating to Directors and key management personnel

(i) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each key management personnel of the Company, including their personally related parties, are set out below:

| Key management personnel | Balance at 1 July 2018 No. | Granted as compensation No. | Exercised No. | Net other change No. | Balance at 30 June 2019 No. | Vested and exercisable No. | Unvested No. |
|---------------------------------------|-------------------------------|--------------------------------|------------------|-------------------------|--------------------------------|-------------------------------|-----------------|
| 2019 | | | | | | | |
| Directors | | | | | | | |
| Malcolm Carson | 6,000,000 | - | - | - | 6,000,000 | 6,000,000 | - |
| Peiqi Zhang | - | - | - | - | - | - | - |
| Hui Guo | 6,000,000 | - | - | - | 6,000,000 | 6,000,000 | - |
| Other key management personnel | | | | | | | |
| Michael Higginson | - | - | - | - | - | - | - |
| | 12,000,000 | - | - | - | 12,000,000 | 12,000,000 | - |

Details of options held as at reporting date by key management personnel of the Company are set out below. 6,000,000 options exercisable at \$0.05 each expired on 31 July 2019.

| Key management personnel | Grant date | Number granted | Fair value per option \$ | Vesting date | Number of options vested during year | Vested % |
|---------------------------------------|------------|----------------|--------------------------|--------------|--------------------------------------|----------|
| 2019 | | | | | | |
| Directors | | | | | | |
| Malcolm Carson | 6 Dec 2016 | 3,000,000 | \$0.021 | 6 Dec 2016 | - | 100% |
| Peiqi Zhang | - | - | - | - | - | - |
| Hui Guo | 6 Dec 2016 | 3,000,000 | \$0.021 | 6 Dec 2016 | - | 100% |
| Other key management personnel | | | | | | |
| Michael Higginson | - | - | - | - | - | - |

Equity instrument disclosures relating to Directors and key management personnel (continued)

DIRECTORS' REPORT

(ii) Share holdings

The number of shares in the Company held during the financial year by each key management personnel of the Company, including their personally related parties, are set out below. 3,000,000 shares were granted during the reporting year as compensation to the nominees of each of Mr Carson and Ms Guo.

| | Balance at 1 July 2018 | Received on exercise of options | Net other change | Balance at 30 June 2019 |
|---------------------------------------|---------------------------|---------------------------------------|---------------------|----------------------------|
| Key management personnel | No. | No. | No. | No. |
| 2019 | | | | |
| Directors | | | | |
| Malcolm Carson** | - | - | 3,147,544 | 3,147,544 |
| Peiqi Zhang | 12,630,849 * | - | - | 12,630,849 |
| Hui Guo | - | - | 3,000,000 | 3,000,000 |
| Other key management personnel | | | | |
| Michael Higginson | - | - | - | - |

* These 12,630,849 shares are registered in the name of Columbus Minerals Pty Ltd. Mr Zhang has a relevant interest in the 12,630,849 shares.

** Mr Carson is a director of Columbus Minerals Pty Ltd, but does not have a relevant interest in the 12,630,849 shares registered in the name of Columbus Minerals Pty Ltd.

End of Remuneration Report

Directors Meetings

The following table sets out the number of meetings attended by each of the Directors during the year.

| Director | Board Meetings | |
|----------------|----------------|---|
| | A | B |
| Malcolm Carson | 6 | 6 |
| Hui Guo | 6 | 6 |
| Peiqi Zhang | - | 6 |

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the Director held office during the year.

The current Board has assumed the duties and responsibilities typically delegated to an audit committee, risk committee, remuneration committee and nomination committee.

Shares under Option

As at the date of this report there are 6,000,000 unissued ordinary shares in respect of which options are outstanding. All options previously issued were not exercised and were cancelled in accordance with their terms.

| | Number of options |
|---|----------------------|
| Balance at the beginning of the year | 12,000,000 |
| Movements of share options during the year | - |
| Total number of options outstanding at 30 June 2019 | 12,000,000 |
| Lapse of share options after the reporting date | (6,000,000) |
| Total number of options outstanding at the date of this report | 6,000,000 |
| Total number of vested options outstanding at the date of this report | 6,000,000 |

DIRECTORS' REPORT

Insurance of Directors and Officers

During or since the financial year, the Company paid premiums insuring all the Directors and Officers of Dampier Gold Limited against costs incurred in defending proceedings for conduct involving:

- a) a wilful breach of duty; or
- b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance premiums incurred for the year was \$16,208 (2018: 13,000).

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

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 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.

No proceedings have been brought or intervened in on behalf of the Company with the leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

During the year ended 30 June 2019, \$40,000 was paid to Stantons International Securities for independent advice and the preparation of an independent report regarding the Vango takeover offer (2018: \$10,075).

No other non-audit services were provided to the Company by Stantons International during the year ended 30 June 2019.

The Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

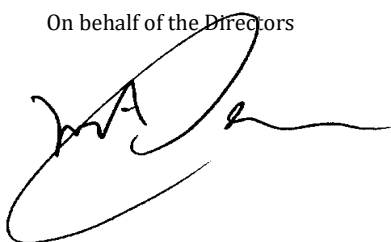
- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 16.

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

On behalf of the Directors



Malcolm Carson
Executive Chairman

Dated this 11th day of September 2019

INDEPENDENCE DECLARATION TO THE DIRECTORS OF DAMPIER GOLD LIMITED

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

11 September 2019

The Directors
Dampier Gold Limited
29 Brookside Place
LOTA QLD 4179

Dear Sirs

RE: DAMPIER GOLD LIMITED

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

As Audit Director for the audit of the financial statements of Dampier Gold Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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



Samir Tirodkar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2019

| | Note | Company 2019 \$ | Consolidated 2018 \$ |
|---|-------|-----------------------|----------------------------|
| Continuing Operations | | | |
| Revenue | | 37,066 | 48,733 |
| Administration expenses | | (967,423) | (1,363,456) |
| Exploration expenditure | | (583,631) | (215,048) |
| Share-based payments | 22(b) | (222,000) | - |
| Loss from continuing operations before income tax benefit | 4 | (1,735,988) | (1,529,771) |
| Income tax expense | 5 | - | - |
| Loss from continuing operations | | (1,735,988) | (1,529,771) |
| Discontinued Operations | | | |
| Profit from discontinued operations after tax – Aurigin Foods Pty Ltd | 6 | - | 109,916 |
| Loss for the year | | (1,735,988) | (1,419,855) |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | - | - |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| Total comprehensive loss for the year | | (1,735,988) | (1,419,855) |
| Loss attributable to owners of the Company | | (1,735,988) | (1,419,855) |
| Total comprehensive loss attributable to owners of the Company | | (1,735,988) | (1,419,855) |
| Profit/(loss) per share: | | | |
| From continuing and discontinued operations | | | |
| Basic (cents per share) | 21 | (1.10) | (1.47) |
| Diluted (cents per share) | 21 | (1.10) | (1.47) |
| From continuing operations | | | |
| Basic (cents per share) | 21 | (1.10) | (1.58) |
| Diluted (cents per share) | 21 | (1.10) | (1.58) |
| From discontinued operations | | | |
| Basic (cents per share) | 21 | - | 0.11 |
| Diluted (cents per share) | 21 | - | 0.11 |

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the financial year ended 30 June 2019

| | Note | Company 2019 \$ | Company 2018 \$ |
|--|-------|-----------------------|-----------------------|
| Current assets | | | |
| Cash and cash equivalents | 7 | 1,530,152 | 1,949,879 |
| Trade and other receivables | 8 | 23,690 | 35,477 |
| Prepayments | | 1,785 | 2,915 |
| Other financial assets | 11 | - | - |
| Total current assets | | 1,555,627 | 1,988,271 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 3,130 | 8,669 |
| Capitalised mineral exploration and evaluation expenditure | 10 | 836,500 | 446,500 |
| Total non-current assets | | 839,630 | 455,169 |
| TOTAL ASSETS | | 2,395,257 | 2,443,440 |
| Current liabilities | | | |
| Trade and other payables | 12 | 146,756 | 79,080 |
| Total current liabilities | | 146,756 | 79,080 |
| TOTAL LIABILITIES | | 146,756 | 79,080 |
| NET ASSETS | | 2,248,501 | 2,364,360 |
| Equity | | | |
| Issued capital | 13(a) | 25,994,122 | 24,373,993 |
| Reserves | 13(f) | 236,200 | 236,200 |
| Accumulated losses | | (23,981,821) | (22,245,833) |
| Total equity | | 2,248,501 | 2,364,360 |

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

Company

| | Attributable to equity holders | | | |
|---|--------------------------------|-------------------------|-----------------------------|-----------------------|
| | Ordinary Shares \$ | Option Reserve \$ | Accumulated Losses \$ | Total Equity \$ |
| For the year ended 30 June 2019 | | | | |
| Balance at beginning of year | 24,373,993 | 236,200 | (22,245,833) | 2,364,360 |
| Total comprehensive income | | | | |
| Loss for the year | - | - | (1,735,988) | (1,735,988) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive loss for the year | - | - | (1,735,988) | (1,735,988) |
| Transactions with owners recorded direct to equity | | | | |
| Issue of shares net of costs | 1,620,129 | - | - | 1,620,129 |
| Balance as at 30 June 2019 | 25,994,122 | 236,200 | (23,981,821) | 2,248,501 |

Consolidated

| | Attributable to equity holders | | | |
|---|--------------------------------|-------------------------|-----------------------------|-----------------------|
| | Ordinary Shares \$ | Option Reserve \$ | Accumulated Losses \$ | Total Equity \$ |
| For the year ended 30 June 2018 | | | | |
| Balance at beginning of year | 23,771,993 | 236,200 | (20,825,978) | 3,182,215 |
| Total comprehensive income | | | | |
| Loss for the year | - | - | (1,419,855) | (1,419,855) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive loss for the year | - | - | (1,419,855) | (1,419,855) |
| Transactions with owners recorded direct to equity | | | | |
| Issue of shares net of costs | 602,000 | - | - | 602,000 |
| Total transactions with owners | 602,000 | - | - | 602,000 |
| Balance as at 30 June 2018 | 24,373,993 | 236,200 | (22,245,833) | 2,364,360 |

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

| | Note | Company 2019 \$ | Company 2018 \$ |
|---|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | - | - |
| Payments for exploration and evaluation | | (583,631) | (215,048) |
| Payments to suppliers and employees | | (856,171) | (1,010,037) |
| Interest expense | | (1,186) | - |
| Interest received | | 41,261 | 57,040 |
| Net cash used in operating activities | 20 | (1,399,727) | (1,168,045) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | - | (7,784) |
| Payments for acquisition of tenements | | (20,000) | (110,000) |
| Loans to franchisees | | - | (92,052) |
| Net cash used in investing activities | | (20,000) | (209,836) |
| Cash flows from financing activities | | | |
| Proceeds from issues of ordinary shares | | 1,000,000 | 238,500 |
| Proceeds from borrowings | | 22,548 | - |
| Repayment of borrowings | | (22,548) | - |
| Net cash provided by financing activities | | 1,000,000 | 238,500 |
| Net decrease in cash and cash equivalents | | (419,727) | (1,139,381) |
| Cash and cash equivalents at the beginning of the financial year | | 1,949,879 | 3,089,260 |
| Cash and cash equivalents at the end of the financial year | 7 | 1,530,152 | 1,949,879 |

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements are for Dampier Gold Limited (Company). The financial statements are presented in Australian dollars. Dampier Gold Limited is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue by the Directors on 11 September 2019.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The Company has consistently applied the following accounting policies to all periods presented in the financial statements. The Company has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2018 but determined that their application to the financial statements is either not relevant or not material.

(b) Going concern

The financial report has been prepared on a going concern basis.

The Directors believe there are sufficient grounds to believe that the business will be able to continue to pay its debts as and when they fall due. This is based on future cash forecasts, existing cash reserves and the ability to significantly reduce activity to preserve cash if necessary. Furthermore, the Directors are also of the opinion that a capital raising could be achieved to raise additional funds if required.

(c) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Dampier Gold Limited (Dampier or the Company) and the Company's subsidiaries, if any. At balance date the Company did not have any subsidiaries. Subsidiaries are entities the parent controls. The parent 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 over the entity.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the full Board of Directors.

(e) Income tax

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

The 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 Company'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, the 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date 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.

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.

(f) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) 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. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash 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 suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Trade and other receivables

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms.

(j) Property, plant and equipment

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

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset | Depreciation rate (%) |
|----------------------|-----------------------|
| Plant and equipment | 25.00 – 33.33 |

(k) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

From 1 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Comparative information

The Company has applied AASB 9 *Financial Instruments* retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy. The Board assessed the Company's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Company's financial instruments.

Classification

Until 30 June 2018, the Company classified its financial assets in the following categories:

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

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

(l) Tenement acquisition, exploration and evaluation costs

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of tenement acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that Directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(m) Trade and other payables

Trade payables and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Issued capital

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(o) Earnings per share

i. Basic earnings per share

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

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.

(p) Goods and Services Tax (GST)

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

Receivables and payables 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.

(q) New and revised accounting standards adopted by the Company

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* which became effective for financial reporting periods commencing on or after 1 January 2018

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 does not have a significant impact on the Company as the Company does not currently have any revenue from customers.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

As a result of adopting AASB 9 *Financial Instruments*, the Company has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

There were no financial instruments which the Company designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Company's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Company's financial instruments.

The adoption of AASB 9 does not have a significant impact on the financial report.

(r) New and revised accounting standards for application in future periods

AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2019.

This Standard supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB interpretation 115 *Operating Leases-Incentives* and AASB interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for leases.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

Estimated impact of AASB 16 on the Company when the standard is applied

As the Company is not presently party to any lease with a term of more than 12 months, there is not expected to be any financial impact of the Company due to the adoption of AASB 16..

Other standards not yet applicable

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

(s) Critical accounting judgements, estimates and assumptions

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

Capitalised tenement acquisition costs

The Company has capitalised significant tenement acquisition expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

The future recoverability of capitalised tenement acquisition expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related tenement acquisition costs through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share-based payments

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

Environmental rehabilitation provisions

The Company assesses its rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases/decreases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the future rehabilitation costs required. Changes to estimated future costs are recognised in the Statement of Financial Position by adjusting the rehabilitation asset and liability.

Deferred taxation

Deferred tax assets are only recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

2. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company'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 Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all Board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk

i. Foreign exchange risk

As all operations are currently within Australia the Company is not exposed to foreign exchange risk.

ii. Price risk

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

iii. Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. Company policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Of the year-end balance of cash and cash equivalents and non-current term deposits for the Company, \$1,530,152 is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was approximately 1.95%.

Sensitivity analysis

As at 30 June 2019, if interest rates had changed by ± 25 basis points with all other variables held constant, the loss for the Company would have been approximately \$4,758 higher/lower as a result of higher/lower interest income from cash and cash equivalents and non-current deposits.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's main exposure to credit risk is through the investment of our surplus funds. To minimise this risk the Company only invests with counterparties that have an acceptable credit rating.

As the Company does not presently have any significant debtors, lending or significant stock levels, a formal credit risk management policy is not maintained.

(c) Liquidity risk

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

The financial liabilities of the Company are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at balance date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

3. Segment Information

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

In the previous financial year, the Company sold the business of Aurigin Foods Pty Limited. The 2018 comparative results include profit from that discontinued operation. Accordingly, the comparative segment information shown below identifies two reportable operating segments being:

1. Australian exploration and evaluation activities; and
2. Aurigin Foods Australian product supply (now discontinued).

| | 30 June 2019 | 30 June 2018 |
|-------------------------------------|--------------|--------------|
| <u>Revenue</u> | | |
| From continuing operations | | |
| Exploration and evaluation | 37,066 | 48,733 |
| Product supply | - | - |
| From discontinued operations | | |
| Exploration and evaluation | - | - |
| Product supply | - | - |
| <u>Profit / (loss)</u> | | |
| From continuing operations | | |
| Exploration and evaluation | (1,735,988) | (1,529,771) |
| Product supply | - | - |
| From discontinued operations | | |
| Exploration and evaluation | - | - |
| Product supply | - | 109,916 |
| <u>Total Assets</u> | | |
| From continuing operations | | |
| Exploration and evaluation | 2,395,257 | 2,443,440 |
| Product supply | - | - |
| From discontinued operations | | |
| Exploration and evaluation | - | - |
| Product supply | - | - |
| <u>Total Liabilities</u> | | |
| From continuing operations | | |
| Exploration and evaluation | (146,756) | (79,080) |
| Product supply | - | - |
| From discontinued operations | | |
| Exploration and evaluation | - | - |
| Product supply | - | - |

4. Loss from continuing operations

| | 2019 \$ | 2018 \$ |
|--|---------------|---------------|
| Loss from continuing operations before income tax has been determined after: | | |
| (a) Revenue | | |
| Interest revenue | 37,066 | 48,733 |
| | 37,066 | 48,733 |
| (b) Expenses | | |
| Depreciation | 5,539 | 5,455 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

5. Income Taxes

| | 2019 \$ | 2018 \$ |
|---|-------------|-------------|
| Income tax recognised in profit or loss | | |
| (a) Income tax expense comprises: | | |
| Current tax expense | - | - |
| Deferred tax expense relating to the origination and reversal of temporary differences | - | - |
| Total tax benefit | - | - |
| (b) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Loss from continuing operations before income tax expense | (1,735,988) | (1,529,771) |
| Prima facie tax benefit at the Australian tax rate of 27.5% (2018: 27.5%) | (477,397) | (420,687) |
| Adjustment of prior year income tax losses | (143,596) | - |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Provision for doubtful debts | 305 | 40,736 |
| Provision for loan impairments | - | 162,733 |
| Share-based payments | - | - |
| Entertainment | 880 | 991 |
| Fines | 478 | - |
| | (619,330) | (216,227) |
| Movements in unrecognised temporary differences | 105,544 | 22,837 |
| Tax effect of current year tax losses for which no deferred tax asset has been recognised | 513,786 | 193,390 |
| Income tax benefit | - | - |
| (c) Unrecognised deferred tax balances | | |
| Deferred Tax Assets (at 27.5%) | | |
| <i>On Income Tax Account</i> | | |
| Legal expenses | 107,856 | 18,613 |
| Provision for expenses | 23,984 | 6,380 |
| Provision for impairment of loans | 162,733 | 162,733 |
| Provision for doubtful debts | 40,084 | 39,780 |
| Capital raising costs | 1,170 | 3,933 |
| Carry forward revenue and capital tax losses | 6,934,104 | 6,420,318 |
| | 7,269,931 | 6,651,757 |
| Deferred Tax Liabilities (at 27.5%) | | |
| Prepayments | 491 | 802 |
| Unearned income | 2,094 | 3,248 |
| Tenement acquisition costs | 230,038 | 122,788 |
| | 232,623 | 126,838 |

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

6. Discontinued operations

Aurigin Foods Pty Ltd – sold 8 March 2018

In March 2018, the Company sold the business of Aurigin Foods Pty Limited. The financial performance of the discontinued operation to 30 June 2018, which is included in the profit from discontinued operations in the statement of profit or loss and other comprehensive income, is as follows:

2019 2018

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

| | \$ | \$ |
|--|----|-----------|
| Expenses | | |
| Business development expenses | - | (375,924) |
| Loss before income tax | - | (375,924) |
| Income tax expense | | - |
| Total loss after tax attributable to the discontinued operation | - | (375,924) |

The net cash flows of the discontinued operation which have been incorporated into the statement of cash flows are as follows:

| | | |
|---|---|-----------|
| Net cash outflow from operating activities | - | (377,154) |
| Net cash inflow from investing activities | - | 377,154 |
| Net cash outflow from financing activities | - | - |
| Net increase / (decrease) in cash provided by / (used in) the discontinued operation | - | - |

Details of disposal of subsidiary

| | 8 March 2018 (date of disposal) |
|---|------------------------------------|
| | \$ |
| Book value of net assets over which control was lost | |
| Current assets | |
| Cash and cash equivalents | 10,037 |
| Total current assets | 10,037 |
| Non-current assets | |
| Property, plant and equipment | 3,827 |
| Total non-current assets | 3,827 |
| Total assets | 13,864 |
| Current liabilities | |
| Trade and other payables | - |
| Total current liabilities | - |
| Non-current liabilities | |
| Loan – Dampier Gold Limited | 499,704 |
| Total non-current liabilities | 499,704 |
| Total liabilities | 499,704 |
| Net (liabilities) derecognised | (485,840) |
| Consideration received | |
| Cash | - |
| Net liabilities derecognised | 485,840 |
| Gain on disposal of subsidiary | 485,840 |
| Loss after tax during the period to date of sale | (375,924) |
| Profit from discontinued operations after tax | 109,916 |

7. Current assets: Cash and cash equivalents

| | 2019 \$ | 2018 \$ |
|-------------------------------|------------------|------------------|
| Cash at bank and on hand (i) | 48,325 | 253,102 |
| Bank short term deposits (ii) | 1,481,827 | 1,696,777 |
| | 1,530,152 | 1,949,879 |

(i) Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

(ii) Available at call.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

8. Current assets: Trade and other receivables

| | 2019 \$ | 2018 \$ |
|--|---------------|---------------|
| Exploration expenditure re-charged to Vango Mining Ltd | 144,654 | 144,654 |
| Provision for non-recovery | (144,654) | (144,654) |
| Interest receivable | 7,616 | 11,810 |
| Sundry receivables | 16,074 | 23,667 |
| | 23,690 | 35,477 |

No receivables are considered past due other than those provided for.

9. Non-current assets: Property, plant & equipment

Plant & equipment

| | | |
|---|--------------|--------------|
| At cost | 27,576 | 27,576 |
| Less: Accumulated depreciation | (24,446) | (18,907) |
| | 3,130 | 8,669 |
| Reconciliation/movement for the year | | |
| Carrying amount at beginning of year | 8,669 | 10,168 |
| Additions | - | 7,784 |
| Disposals | - | (3,828) |
| Depreciation charge | (5,539) | (5,455) |
| Carrying amount at end of year | 3,130 | 8,669 |

10. Non-current assets: Capitalised mineral exploration and evaluation expenditure

| | | |
|---|----------------|----------------|
| Tenement acquisition costs carried forward in respect of mining areas of interest | 446,500 | - |
| Tenement acquisition costs* | 390,000 | 446,500 |
| Closing net book amount | 836,500 | 446,500 |

* During the year, the Company acquired the Menzies and Goongarrie tenements for a consideration of 10,000,000 ordinary shares and a cash payment of \$20,000.

11. Other financial assets

| | | |
|-------------------------------|-----------|-----------|
| Loan to franchisees | 92,052 | 92,052 |
| Provision for impairment | (92,052) | (92,052) |
| Loan to Aurigin Foods Pty Ltd | 499,704 | 499,704 |
| Provision for impairment | (499,704) | (499,704) |
| | - | - |

12. Current liabilities: Trade and other payables

| | | |
|-----------------------------|----------------|---------------|
| Trade payables (i) | 57,610 | 54,515 |
| Other payables and accruals | 89,146 | 24,565 |
| | 146,756 | 79,080 |

(i) No trade payables past due over 30 days as at 30 June 2019 (2018:\$27,621)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

13. Issued capital and Reserves

| | 2019 | | 2018 | |
|--|-------------|------------|-------------|------------|
| | No. | \$ | No. | \$ |
| (a) Share capital | | | | |
| Ordinary shares fully paid | 176,640,141 | 25,994,122 | 119,640,141 | 24,373,993 |
| Total issued capital | 176,640,141 | 25,994,122 | 119,640,141 | 24,373,993 |
| | | | | |
| | 2019 | | 2018 | |
| | No. | \$ | No. | \$ |
| (b) Movements in ordinary share capital | | | | |
| Balance at beginning of financial year | 119,640,141 | 24,373,993 | 95,740,141 | 23,771,993 |
| Payment of consulting fees | 1,000,000 | 28,129 | 900,000 | 27,000 |
| Consideration for acquisition of tenements | 10,000,000 | 370,000 | 13,460,000 | 336,500 |
| Placement of shares to investors | 40,000,000 | 1,000,000 | 9,540,000 | 238,500 |
| Issue of performance shares | 6,000,000 | 222,000 | - | - |
| Balance at end of the financial year | 176,640,141 | 25,994,122 | 119,640,141 | 24,373,993 |

(c) Ordinary shares

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.

| | 2019 | 2018 |
|--|----------------|----------------|
| | No. of options | No. of options |
| (d) Movements in options on issue | | |
| Balance at beginning of the financial year | 12,000,000 | 12,000,000 |
| Balance at end of the financial year | 12,000,000 | 12,000,000 |

(e) Capital risk management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at reporting date is as follows:

| | 2019 | 2018 |
|-----------------------------|-----------|-----------|
| | \$ | \$ |
| Cash and cash equivalents | 1,530,152 | 1,949,879 |
| Trade and other receivables | 23,690 | 35,477 |
| Trade and other payables | (146,756) | (79,080) |
| Working capital position | 1,407,086 | 1,906,276 |

(f) Reserves: Options

| | | |
|--|---------|---------|
| Balance at beginning of the financial year | 238,200 | 236,200 |
| | 236,200 | 236,200 |

The reserve is to account for the fair value of share options issued by the Company on acquisition of assets and as employee and director incentives.

14. Dividends

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

15. Key management personnel disclosures

| | 2019 \$ | 2018 \$ |
|--|----------------|----------------|
| (a) Key management personnel compensation | | |
| Short-term benefits | 416,683 | 450,099 |
| Post-employment benefits | 6,840 | 6,840 |
| Share-based payments | 222,000 | - |
| | 645,523 | 456,939 |

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 14.

(b) Loans to key management personnel

There were no loans to key management personnel during the year.

(c) Other transactions with key management personnel

- Mineral Resource Consultants Pty Ltd, a company with which the Company's Chairman Malcolm Carson is associated, was paid \$169,420 (2018: \$207,420) in director's and consulting fees at normal commercial rates and superannuation at the statutory rate. At 30 June 2019, there was \$3,285 (excl. GST) outstanding to Mineral Resource Consultants Pty Ltd.
- Mr Zhang was paid \$36,000 (2018: \$36,000) in director's fees at normal commercial rates. At 30 June 2019, there was \$3,000 outstanding to Mr Zhang.
- Ms Guo was paid \$169,420 (2018: \$169,420) in director's fees and consulting fees at normal commercial rates and superannuation at the statutory rate. At 30 June 2019, there was \$3,285 outstanding to Ms Guo.
- Mr Higginson was paid \$32,475 (2018: \$31,099) in company secretarial fees at normal commercial rates. At 30 June 2019, there was \$638 (excl. GST) owing to Mr Higginson.

Please refer to note 18(b) for further details of transactions with key management personnel.

16. Remuneration of auditors

| | | |
|--|---------------|---------------|
| Audit and review of the financial report | 30,218 | 32,641 |
| Preparation of Independent Expert Report | 40,000 | 10,075 |
| | 70,218 | 42,716 |

The auditor of Dampier Gold Limited is Stantons International.

17. Commitments and contingencies

(a) Exploration commitments

| | | |
|--|------------------|------------------|
| Not longer than 1 year | 271,908 | 271,908 |
| Longer than 1 year and not longer than 5 years | 747,747 | 747,747 |
| | 1,019,655 | 1,019,655 |

Pursuant to the Binding Terms Sheet with Vango dated 12 May 2017 covering the farm-in to the K2 Mine development, the Company has agreed to contribute towards the development of the K2 Mine up to the lesser of 50% of CAPEX or \$3,000,000. The earn in period is two years from the date of the Terms Sheet.

(b) Lease commitments: Company as lessee

| | | |
|---|---------------|--------------|
| Not longer than 1 year | 43,333 | 8,667 |
| Longer than 1 year and not longer than 5 years | - | - |
| Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities. | 43,333 | 8,667 |

(c) Contingent assets and liabilities

At balance date there are no contingent assets or liabilities (other than as disclosed below) noted by the Company.

Following the sale of DPPL to Vango, the Company has a contingent asset of \$6m in the form of additional consideration of up to \$4m and a royalty of up to \$2m.

The \$4m consideration comprises the following amounts to be paid by Vango:

- \$1,000,000 (excluding GST) on production of a total of 45,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 100,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 200,000 ounces of gold from the Project tenements; and
- \$1,000,000 (excluding GST) on production of a total of 300,000 ounces of gold from the Project tenements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

17. Commitments and contingencies (continued)

The \$2m royalty is payable by Vango in gold or cash on overall production from the Project tenements as follows:

- 1.0% on each ounce of gold produced from the Project tenements as of the date of issue of the mint receipt, calculated at the London Spot Fix AM (USD/oz) on that day, where the London Spot Fix AM (USD/oz) is equal to or greater than US\$1,175/oz, or
- 2.0% on each ounce of gold produced from the Project tenements as of the date of issue of the mint receipt, calculated at the London Spot Fix AM (USD/oz) on that day, where the London Spot Fix AM (USD/oz) is equal to or greater than US\$1,250/oz, or
- 3.0% on each ounce of gold produced from the Project tenements as of the date of issue of the mint receipt, calculated at the London Spot Fix AM (USD/oz) on that day, where the London Spot Fix AM (USD/oz) is equal to or greater than US\$1,400/oz, or
- 4.0% on each ounce of gold produced from the Project tenements as of the date of issue of the mint receipt, calculated at the London Spot Fix AM (USD/oz) on that day, where the London Spot Fix AM (USD/oz) is equal to or greater than US\$1,500/oz.

A supplier to the Company has commenced legal action seeking payment of \$200,000 for services provided pursuant to an agreement between the parties entered into in September 2018. The Company disputes that any fees are owed to the supplier and the parties are presently in arbitration.

18. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 15.

(b) Loans to and transactions with related parties

During the year the Company incurred office rent of \$52,000 (2018: \$52,000) at normal commercial rates paid/payable to Ms Guo for rental of the Company's office in Sydney. At 30 June 2019, there was \$4,333 (excl. GST) outstanding to Ms Guo for office rent.

Other than as disclosed above and in note 15, the Company had no other outstanding receivables from its Directors or other related parties as at 30 June 2019.

19. Subsequent events

On 31 July 2019, 6,000,000 options exercisable at \$0.05 each expired.

On 7 August 2019, the Company issued 11,585,711 fully paid ordinary shares at an issue price of \$0.028 per share to raise \$324,400 in working capital and 2,260,143 fully paid ordinary shares at an issue price of \$0.028 per share to extinguish \$63,284 in liabilities.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

20. Notes to the statement of cash flows

Reconciliation of net loss after income tax to net cash outflow from operating activities

| | 2019 \$ | 2018 \$ |
|-----------------------------------|-------------|-------------|
| Loss for the year | (1,735,988) | (1,419,855) |
| Adjusted for: | | |
| Depreciation | 5,539 | 5,455 |
| Share-based payments | 250,129 | 27,000 |
| Provision for impairment of loans | - | 499,704 |
| Gain on sale of subsidiary | - | (485,840) |
| Provision for doubtful debts | 1,108 | 240,184 |

Change in operating assets and liabilities

| | | |
|---|--------------------|--------------------|
| Decrease in trade and other receivables | 10,679 | 188 |
| Decrease in prepayments | 1,130 | - |
| (Decrease)/increase in trade and other payables | 67,676 | (34,881) |
| Net cash outflow from operating activities | (1,399,727) | (1,168,045) |

Non-cash investing activities

During the year ended 30 June 2019, the Company issued 10,000,000 ordinary shares at a deemed issue price of \$0.037 per share as part consideration for the acquisition of tenements (Menzie's and Goongarrie Projects).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

21. Profit/(loss) per share

| | 2019 \$ | 2018 \$ |
|--|------------|------------|
| From continuing and discontinued operations | | |
| Basic (cents per share) | (1.10) | (1.47) |
| Diluted (cents per share) | (1.10) | (1.47) |
| From continuing operations | | |
| Basic (cents per share) | (1.10) | (1.58) |
| Diluted (cents per share) | (1.10) | (1.58) |
| From discontinued operations | | |
| Basic (cents per share) | - | 0.11 |
| Diluted (cents per share) | - | 0.11 |

The average market price of the Company's shares did not exceed the exercise price of any of the options on issue at 30 June 2019. Therefore, diluted earnings per share is the same as basic earnings per share.

(a) Reconciliation of earnings used in calculating loss per share

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share

| | |
|-------------|-------------|
| (1,735,988) | (1,419,855) |
|-------------|-------------|

(b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share

| 2019 No. of shares | 2018 No. of shares |
|-----------------------|-----------------------|
| 157,196,306 | 96,822,607 |

22. Share-based payments

(a) Employees and contractors options

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence.

There were no share options granted in the current year.

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

| | 2019 | | 2018 | |
|--|-------------------|------------------------------------|-------------------|------------------------------------|
| | Number of options | Weighted average exercise price \$ | Number of options | Weighted average exercise price \$ |
| Balance at beginning of financial year | 12,000,000 | 0.075 | 12,000,000 | 0.075 |
| Balance at end of the financial year | 12,000,000 | 0.075 | 12,000,000 | 0.075 |
| Exercisable at end of financial year | 12,000,000 | 0.075 | 12,000,000 | 0.075 |

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.09 years (2018: 2.09 years), and the weighted average exercise price is \$0.075.

(b) Performance shares

Following shareholder approval on 16 October 2018, the Company issued 6,000,000 fully paid shares to directors of the Company in consideration for the provision of services to the Company at a total value of \$222,000. The shares were valued at the last traded price of the Company's shares on ASX on the date of shareholder approval. These costs have been recognised in operational administrative expenses.

(c) Expenses arising from share-based payments transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

| | 2019 \$ | 2018 \$ |
|----------------------------|------------|------------|
| Shares issued to directors | 222,000 | - |

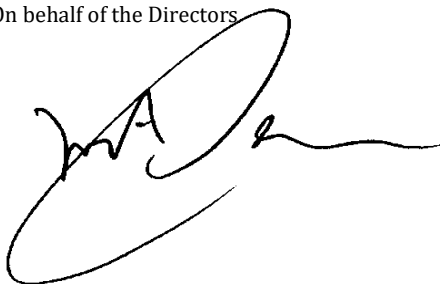
DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 1(a) and give a true and fair view of the financial position of the Company as at 30 June 2019 and its performance for the year ended on that date;
- (c) the audited remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Act and Regulations 2001; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the year ended 30 June 2019.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'M Carson', with a large, sweeping loop at the end.

Malcolm Carson
Executive Chairman
11 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAMPIER GOLD LIMITED

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188

Fax: +61 8 9321 1204

ABN: 84 144 581 519

www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAMPIER GOLD LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dampier Gold Limited, which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

Basis for Opinion

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

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

Key Audit Matters

We have defined the matter described below to be key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAMPIER GOLD LIMITED

Stantons International

context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How the matter was addressed in the audit |
|---|--|
| <p><i>Carrying value of Capitalised mineral exploration and evaluation expenditures</i></p> <p>As at 30 June 2019, Capitalised Exploration and Evaluation expenditure totals \$836,500 (refer to Note 10 of the financial report).</p> <p>The carrying value of Capitalised Exploration and Evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance (35% of total assets); • Additions during the year of \$390,000 involving cash and shares consideration. • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the Capitalised Exploration and Evaluation Expenditure. | <p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> i. We have reviewed the tenement sale contracts. We noted the key facts being the tenements included in the transaction, the considerations in cash and shares, vendor's details etc.; ii. We traced the cash payment to bank statement and reviewed the fair value calculation for the share based payments; iii. Assessing the Company's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third party documentation; iv. Reviewing the directors' assessment of the carrying value of the exploration and evaluation expenditure, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Company's projects against AASB 6; v. Evaluation of company documents for consistency with the intentions for the continuing of exploration and evaluation activities in certain areas of interest, and corroborated with enquiries of management. Inter alia, the documents we evaluated included: <ol style="list-style-type: none"> a. Minutes of meetings of the board and management; b. Announcements made by the company to the Australian Securities Exchange; and c. Cash flow forecasts; and vi. Consideration of the requirements of accounting standard AASB 6. We assessed the financial statements in relation to AASB 6 to ensure appropriate disclosures are made. |

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 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,

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAMPIER GOLD LIMITED

Stantons International

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAMPIER GOLD LIMITED

Stantons International

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

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

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

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

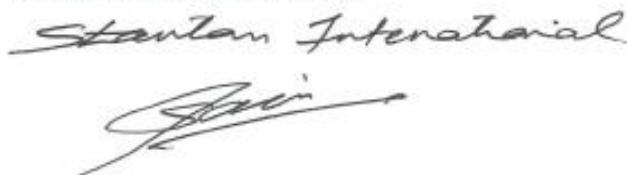
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12-13 of the directors' report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

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

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



Samir Tirodkar
Director

West Perth, Western Australia
11 September 2019

ASX ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange. The information is current as at 5 September 2019.

(a) Distribution schedule and number of holders of equity securities as at 5 September 2019

| | 1 – 1,000 | 1,001 – 5,000 | 5,001 – 10,000 | 10,001 – 100,000 | 100,001 and over | Total |
|-------------------------------|--------------|------------------|-------------------|---------------------|---------------------|-------|
| Fully Paid Ordinary Shares | 21 | 56 | 50 | 121 | 111 | 359 |
| Options expiring 31 July 2021 | - | - | - | - | 2 | 2 |

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 5 September 2019 is 168.

(b) 20 Largest holders of quoted equity securities as at 5 September 2019

The names of the twenty largest holders of fully paid ordinary shares are:

| Rank | Name | Units | % of Units |
|--------------|--|--------------------|--------------|
| 1 | VANGO MINING LIMITED | 37,738,568 | 19.81 |
| 2 | MS QIAN HUANG | 16,567,247 | 8.7 |
| 3 | GLENEAGLE SECURITIES NOMINEES PTY LIMITED | 13,600,000 | 7.14 |
| 4 | DEZHI QIU | 12,487,844 | 6.56 |
| 5 | ENTERPRISE NO 2 PTY LIMITED | 10,000,000 | 5.25 |
| 6 | SPINITE PTY LTD | 9,571,429 | 5.02 |
| 7 | COLUMBUS MINERALS PTY LTD | 8,321,982 | 4.37 |
| 8 | YAO DONG LIN | 8,000,000 | 4.2 |
| 9 | NEWMER INVESTMENTS PTY LTD | 4,712,303 | 2.47 |
| 10 | COLUMBUS MINERALS PTY LTD | 4,308,867 | 2.26 |
| 11 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 3,513,448 | 1.84 |
| 12 | NORTHERN STAR RESOURCES LTD | 3,400,000 | 1.78 |
| 13 | MAGNUM MINING & EXPLORATION LIMITED | 3,125,000 | 1.64 |
| 14 | DISCOVERY CAPITAL LIMITED | 3,125,000 | 1.64 |
| 15 | HUI GUO | 3,000,000 | 1.57 |
| 16 | MINERAL RESOURCE CONSULTANTS PTY LTD <MALCOLM CARSON S/F A/C> | 3,000,000 | 1.57 |
| 17 | SAHARA MINERALS PTY LTD | 2,730,001 | 1.43 |
| 18 | STEPHEN JOHN KONECNY | 1,875,000 | 0.98 |
| 19 | KENNY INVESTMENTS PTY LTD <K & G MALAXOS FAMILY A/C> | 1,650,000 | 0.87 |
| 20 | MR BIAGIO PASQUALINO GALIPO + MRS GIUSEPPINA GALIPO <B & G GALIPO S/F A/C> | 1,610,161 | 0.85 |
| Total | | 152,336,850 | 79.97 |

Australian Securities Exchange Listing – Official Quotation has been granted for 190,485,995 ordinary fully paid shares. There are 6,000,000 unquoted options on issue.

(c) Substantial Shareholders

Substantial shareholders in Dampier Gold Limited and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

| Substantial Shareholder | No of Shares Held |
|---------------------------|-------------------|
| Vango Mining Limited | 38,786,191 |
| Qian Huang | 16,567,247 |
| Columbus Minerals Pty Ltd | 12,630,849 |
| Dezhi Qiu | 12,487,844 |
| Enterprise No 2 Pty Ltd | 10,000,000 |

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAMPIER GOLD LIMITED

(d) Unquoted Securities

There are 6,000,000 unquoted options on issue as at 5 September 2019.

(e) Names of persons holding more than 20% of a given class of unquoted securities (other than employee options) as at 5 September 2019

Other than 6,000,000 employee options, there are no other classes of unquoted securities on issue as at 5 September 2019.

(f) Restricted Securities at 5 September 2019

There are no restricted securities on issue as at 5 September 2019.

(g) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

(h) Company Secretary

The Company Secretary is Mr Michael Higginson.

(i) Registered Office

The Company's Registered Office is 29 Brookside Place, Lota, QLD 4179.

(j) Share Registry

The Company's Share Registry is:
Advanced Share Registry
110 Stirling Highway
Nedlands, Western Australia, 6009
+61 8 9389 8033 (Telephone)
*61 8 9262 3723 (Facsimile)
www.advancedshare.com.au

(k) On-Market Buy-back

The Company is not currently performing an on-market buy-back.

(l) Schedule of interests in mining tenements

Please refer to the Operations Report.