



EAST ENERGY RESOURCES LIMITED
ABN 66 126 371 828

ANNUAL REPORT 2019



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ANNUAL REPORT 2019

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Corporate Directory

DIRECTORS

Rex Littlewood (Managing Director)
Ranko Matic (Non-Executive Director)
Chris Thoroughgood (Non-Executive Director)

COMPANY SECRETARIES

Ranko Matic
Andrea Betti

REGISTERED OFFICE

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Directors' Report - continued

Your directors submit their report, together with the financial statements of the consolidated group, consisting of East Energy Resources Limited ("EER" or "the Company") and the entity it controls ("the Group") at the end of, or during the financial year ended 30 June 2019.

Directors

The names of the directors in office at any time during or since the end of the year are:-

Mr Rex Littlewood	(Managing Director and Chairman)
Mr Ranko Matic	(Non-Executive Director and Company Secretary)
Mr Chris Thoroughgood	(Non-Executive Director)

Principal Activities

The principal activity of the Group for the financial year was mineral exploration. There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

The consolidated loss of the Group after income tax for the financial year ended 30 June 2019 amounted to \$1,905,589 (2018: \$12,461,678).

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Corporate

In July 2018, the Company received \$400,000 from Noble Ltd (a 93.42% shareholder of the Company) by way of an intercompany loan to fund working capital. Later in the period, the Company commenced discussions with Noble for a more formal arrangement to fund further working capital requirements and operational expenses of the Company.

On 31 January 2019, the Company entered into an intercompany loan agreement with Noble for funding of A\$1.355m, which covers the previous \$400,000 advance made in July 2018 and provided an additional \$955K of funding to the Company for working capital purposes. Key terms of the loan facility include an interest rate of 9.8% p.a. with the repayment of the facility and all accrued interest to occur three years after the date of the Agreement. The loan is provided on an unsecured basis.

The Company continued to be in discussions with Noble regarding potential strategic opportunities and during the quarter, the Company received an additional US\$100,000 from Noble, to assist with any anticipated expenditure for investigation and assessment of any of these potential strategic opportunities including potential opportunities to develop the Blackall Coal project. The additional funding was an ex-gratia payment and not part of the loan arrangements with Noble, therefore not requiring repayment.

The Company relocated its office in August 2018 and so its Registered Office address and Principal Place of Business address changed to Level 2, 22 Mount St, PERTH WA 6000.

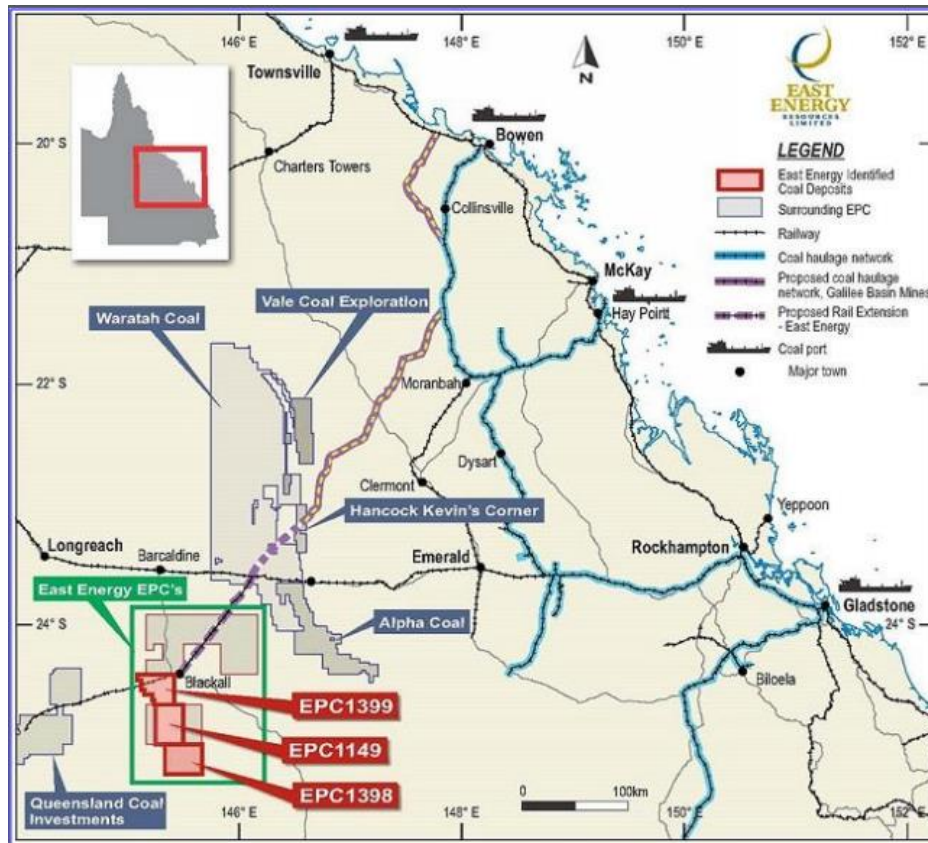
Directors' Report - continued

Review of Operations

BLACKALL COAL PROJECT – REVIEW OF OPERATIONS

The Blackall Project consists of a major thermal coal deposit held within MDL 464 EPC 1149, EPC 1398 and EPC1399. It is located close to the township of Blackall in the eastern Eromanga Basin in central western Queensland.

Figure 1: Blackall Project Location Map



Project Background

Based on exploration drilling conducted between June 2008 and June 2012, SRK Consulting completed an updated Coal Resource Estimate for EPC 1149 which was released in September 2012 (announced to the ASX on 17/9/2012). The SRK report included a total JORC Resource estimate of 1,741 Mt, comprising 1,113Mt of Inferred Resources and 628 Mt of Indicated Coal Resources within EPC1149. ^{Note 1}

Following the acquisition of Idalia Coal Pty Ltd's assets in May 2013 the company conducted further exploration drilling on EPC's 1398 and 1399 between June 2012 and August 2013.

During the reporting period, East Energy Resources Ltd (EER) maintained its 100% ownership of the Blackall Coal Project in Queensland. The main coal resources in the project are held within MDL 464 and EPC's 1149, 1398 and 1399.

With the reduced demand for new sources of thermal coal, the company has minimised its expenditure and has carried out no field work during the reporting year. Alternative strategies for development of the resource continue to be considered.

JORC Resource Statements

In July 2014 the Company announced to the ASX a Coal Resource Statement for EPC1399 comprising a JORC (2012) compliant Inferred Coal Resource of 1,504 million tonnes ^{Note 2}.

In total, the resource statements announced to date for the Blackall Coal Project confirm that the Company holds a combined JORC Total Coal Resource Estimate of 3.44 billion tonnes of thermal quality coal at its Blackall Coal Project.

The July 2014 announcement also included an updated Exploration Target in the range of 2.0 to 2.5 billion tonnes within EPC1398 and EPC1399. All references to Reported Exploration Targets are in accordance with the guidelines of the JORC Code (2012). As such, the potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Disclaimer: The Company confirms that it is not aware of any new information or data that would materially affect the resources and all material assumptions and technical parameters underpinning the Resource estimates continue to apply and have not materially changed in the meantime.

Directors' Report - continued

Mineral Development License (MDL 464)

MDL464 was granted by DNRM on 20 July 2014 for a period of 5 years, with a commencement date of 1 August 2014. The MDL covers some 37,000a over the central portion of the main coal resources within EPC 1149 as shown on Figure 1 above. In January 2019, the Company lodged the renewal of the MDL for a further five year period, with the application process decision pending and expected shortly.

Statutory Compliance and Reporting

All tenements remain in good standing with rents paid, statutory obligations complied with and the necessary government reports lodged on time.

During the period the Group successfully renewed EPC 1399 and EPC 1400, both for a further five year period and lodged renewal applications for EPC 1398 for three years and MDL464 for five years. The outcome of those applications are pending.

New Projects

The Company continues to review strategic options for exploration and development of the Blackall Coal Project and to review other resource project opportunities that could enhance its project portfolio and increase the overall value proposition of EER.

Exploration

No new exploration was undertaken on the Blackall Project tenements during the year while the company assessed various development options for the resources.

Key Activities for 2020-21 Reporting Period

- Maintain all tenements in good standing and meet all statutory reporting requirements
- Continue to review strategic options for development of the Blackall Project;
- Continue to appraise the market outlook for thermal coal
- Continue to review strategic opportunities for the Company
- Monitor Galilee Basin coal projects and government approvals
- Monitor and assess rail and port infrastructure commitments by other proponents as to their impact on the potential development of the Blackall Project
- Conduct limited desk top studies into geology, environment, alternative technologies, marketing, transport and preliminary mine planning

Note 1 See ASX Announcement dated 17 September 2012 - 1.74 Billion Tonne Thermal Coal JORC Resource

Note 2 See ASX announcement dated 10 July 2014 - EER Reports 3.44 Billion Tonne JORC Resource

Summary of tenement holdings and movements held by East Energy Resources Ltd

Tenement Reference	Location	Interest at 1 July 2018	Acquired/Disposed	Interest at 30 June 2019
EPC 1149	Blackall, QLD	100%	N/A	100%
EPC 1398	Blackall, QLD	100%	N/A	100%
EPC 1399	Blackall, QLD	100%	N/A	100%
EPC 1400	Blackall, QLD	100%	N/A	100%
EPC 1403	Blackall, QLD	100%	N/A	100%
EPC 1407	Blackall, QLD	100%	N/A	100%
MDL 464	Blackall, QLD	100%	N/A	100%

Competent Persons Statement – EPC 1399 Resources

The information in this report relating to estimates of Mineral Resources within EPC1399, is based on information compiled by Mr Peter Tighe who is a member of the Australian Institute of Mining and Metallurgy. Mr Tighe a geological consultant to East Energy Resources Limited. Mr Tighe has had over 30 years' experience in exploration, mining and resource evaluation and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tighe consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Competent Persons Statement – EPC 1398 Resources

The information in this announcement relating to the estimates of Mineral Resources within EPC 1398 is based on the 2004 JORC code and information reviewed by Mr Bill Knox, who is a Member of The AusIMM. Mr Knox has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Knox consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Competent Persons Statement – EPC 1149 Resources

The Coal Resource estimation for the Blackall Project (EPC 1149) presented in this report has been carried out in accordance with the principles and guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves, 2003. The information in the report to which this statement is attached, that relates to East Energy's Blackall Coal Resource on EPC 1149 is based on information reviewed by Dr Gerard McCaughan, who is a Member of The AusIMM and is a full time employee of SRK. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Dr McCaughan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Dr McCaughan consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Directors' Report - continued

Competent Persons Statement – Exploration Targets

The information in this report relating to Exploration Targets within EPC 1398 and EPC 1399 is based on information compiled by Mr Peter Tighe who is a Member of The AusIMM and a Geological Consultant to East Energy Resources Ltd. Mr Tighe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tighe consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Forward Looking Statements

This Announcement may contain forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements are subject to risk factors associated with the Company's business, many of which are beyond the control of the Company. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should not place undue reliance on forward-looking statements and neither East Energy Resources Limited nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

ADDENDUM TO EXPLORATION OPERATIONS REPORT

East Energy Resources Ltd (EER) provides the following addendum to the 2019 Annual Report in accordance with ASX Listing Rules 5.21 and 5.24.

MINERAL RESOURCES AND ORE RESERVES (MROR) STATEMENT 2019

The Company has reviewed the estimated mineral resources at the Blackall Coal Project. The Blackall Project consists of three main coal resource areas in three tenements - EPC 1149, EPC 1398 and EPC1399. It is located close to the township of Blackall in the eastern Eromanga Basin in central western Queensland.

The current MROR Statement confirms the Company holds a combined JORC Total Coal Resource Estimate of 3.44 billion tonnes of thermal quality coal at its Blackall Coal Project, comprising:

- A JORC (2012) compliant Inferred Resource of 1,504 million tonnes within EPC 1399;
- A JORC (2004) compliant Inferred Resource of 200 million tonnes within EPC 1398; and
- A JORC (2004) compliant Resource of 1,740.5 million tonnes within EPC 1149, consisting of a 627.5 million tonnes Indicated Resource and 1,113 million tonnes Inferred Resource.

Summary of Mineral Resources at the Blackall Coal Project as at 30 June 2019

Table 1 – EPC 1399 JORC (2012) Coal Resources

Tenement	JORC (2012) COAL RESOURCES		
	Inferred (Mt)	Indicated (Mt)	Measured (Mt)
EPC 1399	1,504	-	-
TOTAL	1,504 million tonnes		

Table 2 – EPC 1399 Coal Quality

Seam Name	Resource Category	Insitu Tonnes (Mt)	Inherent Moisture % (adb)	Ash (adb)	Fixed Carbon % (adb)	Volatile Matter % (adb)	Total Sulphur % (db)	Calorific Value Kcal/kg (adb)
1 Upper	INFERRED	143	16.4	24.0	33.6	25.6	0.40	4156
1 Lower	INFERRED	105	15.4	29.0	32.0	23.6	0.30	3846
2 Upper	INFERRED	123	15.8	30.6	29.8	23.7	0.51	3728
2 Lower	INFERRED	104	16.0	29.3	30.8	24.0	0.52	3805
3 Upper-1	INFERRED	193	16.1	23.6	35.2	25.0	0.48	4225
3 Upper-2	INFERRED	169	17.0	19.2	37.7	26.1	0.47	4497
3 Lower-1	INFERRED	105	15.7	22.5	35.8	25.8	0.71	4347
3 Lower-2	INFERRED	96	15.1	27.6	33.1	24.1	0.56	3986
4 Upper-1	INFERRED	84	15.5	23.9	35.2	25.4	0.62	4280
4 Upper-2	INFERRED	110	17.4	16.9	38.9	26.8	0.65	4678
4 Lower	INFERRED	120	16.7	18.9	38.4	26.0	0.55	4559
5	INFERRED	151	16.3	19.4	38.2	26.1	0.82	4570
Total	INFERRED	1,504						

Directors' Report - continued

Table 3 – EPC 1398 JORC (2004) Coal Resources

Tenement	EXISTING JORC (2004) COAL RESOURCES		
	Inferred (Mt)	Indicated (Mt)	Measured (Mt)
EPC 1398	200	-	-
TOTAL	200 million tonnes		

Table 4 – EPC 1398 Coal Quality

Resource Category	Insitu Tonnes (Mt)	Inherent Moisture % (adb)	Ash (adb)	Fixed Carbon % (adb)	Volatile Matter % (adb)	Total Sulphur % (db)	Calorific Value Kcal/kg (gar)
INFERRED	200	16.8	21.8	34.5	26.9	0.60	3570

Table 5 – EPC 1149 JORC (2004) Total Coal Resources (SRK Consulting 2012)

Tenement	EXISTING JORC (2004) COAL RESOURCES		
	Inferred (Mt)	Indicated (Mt)	Measured (Mt)
EPC 1149	1,113	627.5	-
Sub-total	1,113	627.5	-
TOTAL	1,740.5 million tonnes		

Table 6 – EPC 1149 Coal Quality (SRK Consulting Sept 2012)

Seam Name	JORC Category	Seam Thickness m	Coal Area Ha	Coal Volume Mm ³	In-situ Tonnes Mt	RD _w g/cc	TM %ar	IM %ad	Raw Ash %ad	Raw VM %ad	Raw TS %ad	Raw Gross CV MJ/kg	F1.60 Yield %ad	F1.60 Moisture %ad	F1.60 Ash %ad	F1.60 VM %ad	F1.60 TS %db	F1.60 Gross CV MJ/kg
1U	IND	0.57	4123.1	23.5	33.1	1.41	29.4	21.5	21.1	25.2	0.41	16.3	78.7	17.8	12.2	29.0	0.34	19.7
1U	INF	0.50	7705.7	38.3	54	1.40	30.6	20.1	20.9	25.5	0.41	16.7	81.8	16.3	11.6	29.4	0.34	20.7
1L	IND	0.65	4795.1	31.0	43.7	1.41	29.5	21.9	22.7	24.8	0.45	15.9	80.0	18.1	14.8	28.9	0.40	18.9
1L	INF	0.51	12805.8	65.1	92	1.41	30.3	20.3	22.0	25.9	0.48	16.4	82.2	17.5	13.1	29.2	0.42	19.9
2U	IND	0.51	7151.0	36.6	51.7	1.41	28.9	21.6	22.3	26.0	0.37	16.0	81.6	18.1	13.8	29.0	0.37	19.1
2U	INF	0.50	15506.3	78.1	110	1.41	29.2	20.7	21.8	25.3	0.50	16.4	84.1	17.8	12.5	29.7	0.57	20.0
2L	IND	0.53	7378.2	39.1	55.6	1.42	28.6	20.7	23.8	24.4	0.41	15.7	79.3	17.8	13.8	28.7	0.39	19.2
2L	INF	0.50	14834.4	74.0	104	1.41	29.3	20.6	21.3	25.3	0.49	16.6	85.7	18.3	13.6	28.8	0.47	19.6
3U1	IND	0.42	5951.8	25.2	36.2	1.44	27.2	19.2	25.4	24.1	0.46	15.5	75.1	17.3	13.6	28.9	0.45	19.6
3U1	INF	0.50	14507.0	72.1	102	1.42	29.2	20.5	22.1	24.9	0.62	16.4	71.8	18.6	12.6	28.3	0.55	19.7
3U2	IND	0.44	6292.5	27.8	40.4	1.45	27.3	19.6	26.7	24.4	0.39	15.1	73.0	16.7	15.4	28.4	0.41	19.0
3U2	INF	0.46	13197.3	60.8	87	1.44	28.0	19.6	24.8	24.0	0.54	15.7	76.9	19.3	13.8	27.3	0.60	19.1
3L1	IND	0.80	9082.9	72.4	101.2	1.40	29.2	21.2	20.0	26.5	0.50	16.7	81.0	17.8	12.5	29.0	0.45	19.8
3L1	INF	0.64	13803.8	89.0	126	1.41	29.0	20.4	21.9	24.8	0.56	16.4	81.4	18.7	13.0	28.7	0.66	19.6
3L2	IND	0.84	8403.2	70.7	98.6	1.40	30.1	21.5	20.0	25.9	0.46	16.7	83.6	17.8	12.3	28.9	0.47	19.8
3L2	INF	0.65	14910.1	96.3	134	1.39	29.3	20.8	20.1	25.3	0.56	16.8	84.7	17.8	14.1	28.7	0.59	19.5
4U1	IND	0.50	8827.1	44.3	61.7	1.39	29.2	21.3	19.4	26.2	0.47	16.8	83.7	17.8	11.4	29.3	0.43	20.2
4U1	INF	0.55	14198.9	78.4	110	1.40	29.4	20.5	20.6	25.0	0.69	16.9	80.7	17.4	12.2	28.7	0.62	20.3
4U2	IND	0.41	8691.0	35.7	50.1	1.40	29.3	20.9	21.1	25.7	0.45	16.4	82.6	17.6	12.3	29.2	0.44	19.9
4U2	INF	0.45	13539.9	61.3	86	1.40	29.3	20.9	19.8	25.1	0.60	17.0	83.2	17.5	11.9	29.0	0.57	20.4
4L	IND	0.52	7230.4	37.8	53.7	1.42	27.4	20.2	23.6	24.8	0.60	15.8	77.7	17.2	14.3	28.9	0.55	19.4
4L	INF	0.55	13153.1	72.3	103	1.42	28.6	19.8	23.0	25.0	0.94	16.3	79.1	18.1	12.7	29.1	0.85	19.9
5	IND	0.52	197.6	1	1.5	1.41	33.5	18.3	22.3	29.1	1.22	17.1	81.7	13.3	11	32.3	0.72	20.2
5	INF	0.5	738.9	3.7	5	1.42	29.9	18.8	24.1	26.3	0.75	16.4	76.9	15.9	11.2	31	0.72	20.3
Total					1,740.5	1.41	29.1	20.6	21.7	25.2	0.54	16.4	80.9	17.9	13.0	28.9	0.53	19.8

MINERAL RESOURCES COMPARISON TO 2018 REPORTING

The 2019 review of the Mineral Resource Statement for the Blackall Coal Project has confirmed that there has been no change to the Company's Mineral Resources and Ores Reserves since the last report as at 30 September 2018.

Directors' Report - continued

Financial Position

The net asset position of the consolidated Group is \$11,628,248 (2018: \$13,533,837). Full details of the financial position of the Group can be found in the Financial Report section within this Annual Report.

Matters Subsequent to the End of the Financial Year

No matters or circumstances have arisen since the end of the financial period, which significantly affected or may significantly affect the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group in future financial years.

Future Developments, Prospects and Business Strategies

The Group intends to continue to pursue its goals to acquire, explore, and exploit coal deposits and explore prospective coal tenements.

Environmental Regulation

The Group is subject to significant environmental regulation in respect of its exploration activities.

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

INFORMATION ON DIRECTORS

Mr Rex Littlewood Non-Executive Director

Qualifications: B.Sc, MAICD.

Mr Littlewood, under his company, Australian Carbon Assets, consults in most aspects of coal mine evaluation, coal technology and marketing and was formerly vice president at Noble Energy, the subsidiary of Noble Group responsible for the Asian coal and coke platform. Mr Littlewood has forty years experience in international coal trade, associated with most aspects from mining, export, sales and financing. Mr Littlewood has expertise in coal technology, coal use and international coal sales negotiations across most coal consumers worldwide. During this period Mr. Littlewood facilitated the green fields start-up of five producing coal mines in Australia including Mount Owen open cut, Donaldson open cut, Tasman underground, Abel underground, in the Hunter Valley and Middlemount open cut in Queensland. He has negotiated investment in two operating coal companies and coal supply and sales agreements from Australia, New Zealand, Indonesia and South Africa.

Mr Littlewood has more than 30 years experience in the international coal market, where he was involved in the development of mines as well as mining and export infrastructure. At Noble he designed and implemented a fully integrated, computerised coal management system from mine to customer, capturing all data in a "paperless" process.

Within the past three years Mr Littlewood held a directorship with Blackwood Corporation Limited, before it was de-listed due to an acquisition by Cockatoo Coal.

Mr Ranko Matic Non-Executive Director and Company Secretary

Qualifications: B.Bus, CA

Mr. Ranko Matic is a Chartered Accountant with over 27 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr Matic is a director of a chartered accounting firm and a corporate advisory company based in Perth, and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations.

Mr Matic is currently a director of ASX listed company Argosy Minerals Limited (since 17 July 2014). Mr Matic was also a director of Celsius Resources Ltd (23 December 2012 to 6 December 2018), Antilles Oil and Gas NL (12 February 2016 to 13 November 2018) and Valmec Ltd (6 February 2012 to 7 March 2017).

Mr Matic has also acted as Chief Financial Officer and Company Secretary for companies in the private and public sector and currently holds several CFO and company secretarial roles with publicly listed companies.

Other than disclosed above, over the past three years Mr Matic has not held any other directorships of ASX Listed companies

Mr Christopher Thoroughgood Non-Executive Director

Qualifications: B.Sc

Mr. Thoroughgood currently holds the position of General Manager – Marketing and Logistics for MACH Energy. MACH Energy owns and operates the Mt Pleasant Coal Mine. Mr Thoroughgood joined the MACH Energy group in 2019. Prior to that Mr Thoroughgood held various roles, including Executive Director – Australia for the Noble Group for a period of 18 years and before this worked in various roles at Carbon Consulting International. Mr Thoroughgood has over 25 years' of experience in the resources industry in both technical and management roles. He graduated from the University of Newcastle with a Bachelor of Science.

Over the past three years Mr Thoroughgood has not held any other directorships of ASX Listed companies.

Directors' Report - continued

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 options of East Energy Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Ranko Matic	220,000	0
Rex Littlewood	0	0
Chris Thoroughgood	0	0

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 Service agreements
- C Details of remuneration
- 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.

The remuneration arrangements detailed in this report relate to the following Directors and key management personnel as follows:

Mr Rex Littlewood	(Managing Director and Chairman)
Mr Ranko Matic	(Non-Executive Director and Company Secretary)
Mr Chris Thoroughgood	(Non-Executive Director)

The following table shows the gross revenue, profits/losses and share price of the Company at the end of the respective financial period.

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
	\$	\$	\$	\$	\$
Revenue from continuing operations	146,748	956	8,629	777,685	10,709
Net profit/(loss) after tax	(1,905,589)	(12,461,678)	(2,699,746)	(50,521,741)	(2,349,485)
Share price	0.3 cents	0.4 cents	0.7 cents	0.4 cents	0.9 cents

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

In determining competitive remuneration rates, the Board, acting in its capacity as the remuneration committee, seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board recognises that East Energy Resources Limited operates in a global environment. To prosper in this environment we must attract, motivate and retain key executive staff.

Market Comparisons

Consistent with attracting and retaining talented executives, the board endorses the use of incentive and bonus payments. The board will continue to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

Board Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors currently \$220,000 per annum. The Board determines actual payments to directors and reviews their remuneration annually based, on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

Directors' Report - continued

The employment conditions of the managing director, any executive director and executives are formalised in contracts of employment when such an arrangement is considered appropriate. The Chief Financial Officer appointed December 2007, is a permanent employee of East Energy Resources Limited.

Performance Based Remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages.

Group Performance, Shareholder Wealth and Directors and Executives Remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executives' performance. Currently, directors and executives are encouraged to hold shares in the Company to ensure the alignment of personal and shareholder interests. The Company currently does not offer performance based remuneration during the exploration phase of operations. This policy may change once the exploration phase is complete and the Company is generating revenue. At present, the existing policy is not impacted by the Group's performance, including earnings and changes in shareholder wealth.

B. Service Agreements

Employment Contracts Of Directors and Senior Executives

The employment conditions of the Managing Director, Mr Rex Littlewood, is formalised in an executive service agreement with no fixed term and continues until a party terminates it by giving notice. Any party may terminate the agreement by providing 12 months notice. The Company can also terminate the agreement summarily, and without notice or compensation, in circumstances of serious misconduct or breach by the Executive. Upon termination, the Executive is subject to a 12 month non-competition covenant, whereby the Executive must not: engage in, directly or indirectly, through any person in an enterprise, company or firm; or carry on a substantially similar activity to that of the Company's business. The Executive is also subject to covenants prohibiting the solicitation of Company personnel.

Mr Matic and Mr Thoroughgood are not employed on formal contracts.

C. Details of remuneration

The remuneration for each director and each executive officer of the Company during the year was as follows:

2019

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Performance Related	Remuneration Consisting of Options
	Cash, salary & Commissions	Cash Profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity	Options		%	%
Rex Littlewood	145,250	-	-	-	-	-	-	-	145,250	-	-
Ranko Matic (i)	-	-	-	54,000	-	-	-	-	54,000	-	-
Chris Thoroughgood	20,323	-	-	-	1,931	-	-	-	22,254	-	-
	165,573	-	-	54,000	1,931	-	-	-	221,504	-	-

(i) Ranko Matic is a director and shareholder of Consilium Corporate Pty Ltd (Consilium). Consilium was paid \$54,000 in relation to directorship, corporate secretarial and accounting services performed.

2018

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Performance Related	Remuneration Consisting of Options
	Cash, salary & Commissions	Cash Profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity	Options		%	%
Rex Littlewood	47,075	-	-	-	-	-	-	-	47,075	-	-
Ranko Matic (i)	-	-	-	54,000	-	-	-	-	54,000	-	-
Chris Thoroughgood	-	-	-	-	-	-	-	-	-	-	-
Mark Basso-Brusa	133,146	-	-	-	-	-	-	-	133,146	-	-
	180,221	-	-	54,000	-	-	-	-	234,221	-	-

(i) Ranko Matic is a director and shareholder of Consilium Corporate Pty Ltd (Consilium). Consilium was paid \$54,000 in relation to directorship, corporate secretarial and accounting services performed.

Directors' Report - continued

D. Share-based compensation

Shares Issued on Exercise of Compensation Options

No options granted as compensation in prior periods were exercised, forfeited or lapsed through the year.

Options issued as part of remuneration for the year ended 30 June 2019.

No options were issued in the year ended 30 June 2019.

There is not currently a formal Employee Share Option Plan in place.

Options may be issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of East Energy Resources Limited to increase goal congruence between executives, directors and shareholders.

Remuneration Consultants

Remuneration Consultants were not used by East Energy Resources in the current year or prior years.

Voting of Remuneration Report at 2018 Annual General Meeting

At the 30 November 2018 Annual General Meeting, the 2018 Remuneration Report was voted for, without any commentary or discussion, on a show of hands with proxy votes for of 2,990,494,688 (99.96%) and 1,112,186 votes against (0.04%).

END OF AUDITED REMUNERATION REPORT.

Directors' Report - continued

Meetings of Directors

During the financial year, there were no official board meetings of the directors (including committees of directors) held, with the majority of business undertaken by circular resolution. Attendances by each director during the year were as follows:

Directors	Directors' Meetings	
	Number eligible to attend	Number Attended
Rex Littlewood	2	2
Chris Thoroughgood	2	2
Ranko Matic	2	2

The full board fulfils the role of remuneration, nomination and audit committees.

Indemnifying Officers or Auditor

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Consolidated Group shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Consolidated group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The total amount of insurance contract premiums paid is \$34,254 (2018: \$14,042).

Options

At the date of this report, there are no unissued ordinary shares of East Energy Limited under option.

During the financial year ended 30 June 2019 there were no options granted, exercised or lapsed.

Proceedings on Behalf of Group

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

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

Non-audit Services

The board of directors, in accordance with advice from the audit committee, is 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 audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

No fees for non-audit services were paid/payable to the external auditors during the financial year ended 30 June 2019 (2018: nil).

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 20 for the year ended 30 June 2019.

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



REX LITTLEWOOD
Director

Dated this 27th day of September 2019

Corporate Governance Statement

As an integral part of its preparations to list on the Australian Securities Exchange (“ASX”), the Group has considered and set up a framework for embracing the ASX Corporate Governance Principles and Recommendations Third Edition (“Recommendations”). The Group has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Group and the Board, the resources available to the Group and the activities of the Group. Where, after due consideration the Group’s corporate governance policies depart from the Recommendations, the Board has outlined the nature of, and reason for, the adoption of its own practice.

Further information about the Company’s corporate governance practices is available on the Company’s web site at www.eastenergy.com.au.

The Board sets out below its “if not why not” report in relation to those matters of corporate governance where the Group’s practices depart from the Recommendations. As the Group’s activities develop in size, nature and scope, further consideration will be given by the Board to the implementation of additional corporate governance structures.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
	Recommendation	East Energy Resources Ltd Current Practice
1.1	A listed entity should disclose: (a) respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Adopted The Directors have adopted a Board Charter which outlines the role of the Board. Executive Service Agreements outline functions of the executive directors. Non-executive Director appointment letters outline the terms and conditions of non-executive director appointments. As the Company recruits additional management, the roles and responsibilities of these persons will be considered and documented.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Adopted Material information in relation to a director up for re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board’s consideration of them as independent or non independent director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted All directors, including Non-Executives have a written agreement with the Company setting out the terms of their appointments.
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	Adopted The responsibilities of the Company Secretary are contained within the Board Charter Document.
1.5	A listed entity should: (a) Have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually (b) disclose that policy (c) disclose at end of reporting period how objectives are being achieved via: (i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or (ii) if entity is a “relevant employer” under the Workplace Gender Equality Act, the entities most recent “Gender Equality	Not Adopted After discussing the possibility of adopting a diversity policy at Board level it was determined that due to the nature and size of the current operation this would be of no value to the organisation. Currently there are only three board members and one other permanent member of staff. There are no immediate plans to increase the board size or staff in the organisation or to replace current employees or directors. The Company makes the following disclosures regarding the proportion of women employed in the organisation: - Women on Board: 0% - Women in Senior Management: 25% - Women in whole organisation: 25%

Corporate Governance Statement - continued

1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Not Adopted The Company has not yet established formal performance review measures for the Board, its committees and individual directors. This is done on an ad-hoc basis as warranted.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Not Applicable. Other than the Directors, the Company does not currently employ any senior executives. The full Board would be responsible for the appointment and would regularly review the performance of senior executives having regard to the Nomination and Remuneration Charters.
PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE		
	Recommendation	East Energy Limited Current Practice
2.1	The board of a listed entity should: (a) Have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by a independent director; and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Not Adopted The Company does not have a separate nomination committee and the full board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination Committee Charter setting out the board process to raise the issues that would otherwise be considered by the Nomination Committee. The Board consider that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Nomination Committee Charter is on the company website – refer www.eastenergy.com.au .
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Not Adopted The Company currently has a mixture of skills on the Board, including technical, financial, business, management and leadership. There is no immediate plans to develop and disclose a Board Skills Matrix.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.	Adopted. (a) Ranko Matic – Independent (b) n/a Ranko Matic - Appointed 13/7/2007 – 12 years Rex Littlewood – Appointed 20/7/2010 – 9 years Chris Thoroughgood – Appointed 24/5/2018 – 1 year

Corporate Governance Statement - continued

2.4	A majority of the Board of a listed entity should be independent directors.	<p>Not Adopted.</p> <p>Only 33% of the Board (1 member, Ranko Matic) is considered independent as per box 2.3 of the ASX Corporate Governance Principles and Recommendations.</p> <p>Currently there is one independent director and two non-independent directors. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non independent directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's operations, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional independent directors as it deems appropriate</p>
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>Not Adopted.</p> <p>While the Board recognises the importance of independence in decision making, it does not comply with Recommendation 2.2. Given the size and the limited resources of the Company there would be no value to shareholders or the Company in having an independent Chairman at this point in time. This will be revisited should the nature or size of the operations change substantially. The Board believes that Mr Rex Littlewood is the most appropriate person for the position as Chairman because of his experience and knowledge of the Company's operations and mineral projects.</p> <p>The role of chairperson of the Board and the CEO (Managing Director) are exercised by the same person with Mr Littlewood being appointed as Managing Director and Chairman by the Board of Directors in May 2018. Whilst the Company recognises the benefit in these roles being undertaken by two separate individuals, the size of the Company and its limited resources does not warrant the appointment of an independent individual as Chairman or CEO. This position will be revisited by the Board should the nature or the size of the operations substantially change.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>Adopted.</p> <p>The induction of new directors is currently completed by the Company Secretary. All Directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors.</p>

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

	Recommendation	East Energy Limited Current Practice
3.1	<p>A listed entity should:</p> <p>(a) Have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code of conduct or a summary of it.</p>	<p>Adopted.</p> <p>Copy of Code of Conduct published on the Company's website and available at www.eastenergy.com.au</p>

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

	Recommendation	East Energy Limited Current Practice
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least 3 members, all of whom are non-executive directors and a majority of</p>	<p>Not Adopted</p> <p>The role of the audit committee is currently undertaken by the full board. The Company has adopted an Audit Committee Charter which is published on the Company's website</p>

Corporate Governance Statement - continued

	<p>whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board;</p> <p>And disclose:</p> <p>(iii) the charter of the committee</p> <p>(iv) the relevant qualifications and experience of the member of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>www.eastenergy.com.au. The Board follows the Audit Committee Charter which provides for integrity of corporate reporting and the removal of the external auditor and the rotation of the audit engagement partner.</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Adopted
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit</p>	Adopted
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
	Recommendation	East Energy Limited Current Practice
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it</p>	<p>Adopted.</p> <p>The Company has a Continuous Disclosure Policy which is published on the Company website. Refer www.eastenergy.com.au</p>
PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS		
	Recommendation	East Energy Limited Current Practice
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Adopted</p> <p>Refer to the Company's Corporate Governance page on its website – www.eastenergy.com.au</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Adopted</p> <p>The Company has a Shareholder Communication Policy which is published on its website – www.eastenergy.com.au</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>Adopted</p> <p>The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Company's auditors.</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Adopted

Corporate Governance Statement - continued

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
	Recommendation	East Energy Limited Current Practice
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, And disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Not Adopted</p> <p>The Company does not currently have a Risk Committee. The role of a risk committee is undertaken by the whole board. The Board follows the risk management program as published on the Company's website www.eastenergy.com.au The Board has considered the material risks impacting the Company and its Shares. Key risks impacting the Company will be reviewed and considered by management and the Board on a regular basis</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Adopted.</p> <p>The Board reviews risk on a regular basis with following policies and procedures forming part of the Company's Risk Management Framework:</p> <ul style="list-style-type: none"> • Audit Committee Charter • Risk Management Program <p>A review has not taken place in the reporting period.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Not Adopted</p> <p>The Company does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis.</p> <p>Internal controls are reviewed on an annual basis.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Not Adopted.</p> <p>The Company does not have a sustainability policy.</p>
PRINCIPLE 8 – REMUNERATE FARILY AND RESPONSIBLY		
	Recommendation	East Energy Limited Current Practice
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those</p>	<p>Not Adopted.</p> <p>The Company does not have a Remuneration Committee.</p> <p>The role of the remuneration committee is currently undertaken by the full board. The Company has adopted a Remuneration Committee Charter which is published on the Company's website www.eastenergy.com.au. The Board follows the Remuneration Committee Charter which provides for dealing with board remuneration issues.</p>

Corporate Governance Statement - continued

	meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Adopted. This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Not Applicable

Corporate Governance Statement dated: 30 June 2019
Approved by the Board: 27 September 2019

Criterion Audit Pty Ltd

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Phone: 6380 2555 Fax: 9381 1122

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of East Energy Resources Limited and Controlled Entity for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



ELIZABETH LOUWRENS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 27th day of September 2019

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from continuing operations	4	1,294	956
Other income	4	145,454	-
Audit Fees	3	(17,000)	(21,000)
Depreciation		-	(671)
Insurance		(34,254)	(14,042)
Directors & Employee Benefits		(199,902)	(286,245)
Impairment of Assets	10	(1,702,805)	(11,149,826)
Professional Fees		-	(2,500)
Other Expenses		(43,805)	(87,895)
Interest Expense		(54,571)	(900,455)
Profit/(Loss) before income tax		(1,905,589)	(12,461,678)
Income tax (expense)/benefit	5	-	-
Net profit/(loss) attributable to members of the group		(1,905,589)	(12,461,678)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total Comprehensive income/(loss) for the year attributable to the members of the consolidated group		(1,905,589)	(12,461,678)
Basic earnings/(loss) per share (cents per share) for profit/(loss) attributable to ordinary equity holders of the Company	6	(0.06)	(0.0298)
Diluted earnings/(loss) per share (cents per share) for profit/(loss) attributable to ordinary equity holders of the Company	6	(0.06)	(0.0298)

The accompanying notes form part of these consolidated financial accounts

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	7	857,008	88,302
Trade and other receivables	8	5,968	11,258
Other assets	9	44,192	-
TOTAL CURRENT ASSETS		907,168	99,560
NON CURRENT ASSETS			
Exploration, evaluation and development expenditure	10	12,149,000	13,526,000
TOTAL NON-CURRENT ASSETS		12,149,000	13,526,000
TOTAL ASSETS		13,056,168	13,625,560
CURRENT LIABILITIES			
Trade and other payables	11	17,020	91,533
Provisions	12	1,329	-
TOTAL CURRENT LIABILITIES		18,349	91,533
NON CURRENT LIABILITIES			
Provisions	12	-	190
Borrowings	13	1,409,571	-
TOTAL NON CURRENT LIABILITIES		1,409,571	190
TOTAL LIABILITIES		1,427,920	91,723
NET ASSETS		11,628,248	13,533,837
EQUITY			
Issued capital	14	86,901,419	86,901,419
Accumulated losses		(75,273,171)	(73,367,582)
TOTAL EQUITY		11,628,248	13,533,837

The accompanying notes form part of these consolidated financial accounts

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Issued Capital	Accumulated	Total Equity
	\$	Losses	\$
	\$	\$	\$
Balance as at 1 July 2017	59,912,357	(60,905,904)	(993,547)
Total comprehensive income/(loss) for the year	-	(12,461,678)	(12,461,678)
Contribution of Equity net of transaction costs			
- Share Issue – 22 June 2018	27,022,808	-	27,022,808
- Share Issue Costs	(33,746)	-	(33,746)
Balance at 30 June 2018	86,901,419	(73,367,582)	13,533,837
Balance as at 1 July 2018	86,901,419	(73,367,582)	13,533,837
Total comprehensive income/(loss) for the year	-	(1,905,589)	(1,905,589)
Balance at 30 June 2019	86,901,419	(75,273,171)	11,628,248

The accompanying notes form part of these consolidated financial accounts

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and Income received		1,294	956
Other receipts		140,430	-
Interest Paid		-	(100,337)
Payments to suppliers & other expenses		(378,202)	(413,862)
Payments for exploration, evaluation and development		(354,840)	(203,806)
Net Cash Outflows from Operating Activities	18(b)	(591,318)	(717,049)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds from borrowings		1,355,000	500,000
Net Cash Inflows from Financing Activities		1,355,000	500,000
Net Increase/(Decrease) in cash and cash equivalents		763,682	(217,049)
Effect of movement in exchange rates on cash held		5,024	-
Cash and cash equivalents at 1 July		88,302	305,351
Cash and cash equivalents at 30 June	18(a)	857,008	88,302

The accompanying notes form part of these consolidated financial accounts

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report includes the financial statements and notes of East Energy Resources Limited and its controlled entities (the “consolidated group” or “group”). These principal accounting policies have been consistently applied to all years presented, unless otherwise stated.

It is recommended that this financial report be read in conjunction with any public announcements made by East Energy Resources Limited during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

a. Basis of Preparation

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

The financial statements of East Energy Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (ISAB). East Energy Resources Limited is a for-profit entity for the purposes of preparing the financial statements.

The financial report was authorised for issue in accordance with a resolution of the Directors on 27 September 2019.

b. Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

c. Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, East Energy Resources Ltd and all of the subsidiaries (including any structured entities). 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.

A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

d. Asset Acquisition

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also include the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and continent liabilities assumed in an asset acquisition are, with limited exceptions, measure initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as deferred exploration expenditure. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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 group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

e. Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

East Energy Resources Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 10 May 2013. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

f. Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group produced a net loss after tax for the year of \$1,905,589 with net cash inflow of \$763,682. As at 30 June 2019, the Company had a working capital surplus of \$890,148.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital and managing cashflow in line with available funds.

The Directors believe that there are reasonable grounds to believe that the Company and consolidated entity will continue as going concerns, after consideration of the following factors:

- In accordance with the *Corporations Act 2001*, the Company has plans to raise further working capital through the issue of equity during the financial year 2020 or further funding provided by its major shareholder Noble Group Limited; and
- The consolidated entity continues to reduce costs in order to conserve cash reserves for the financial year 2020 and will continue to actively seek assets, investments and businesses that have the potential to generate additional shareholder value; and
- The consolidated entity continues to receive financial support from its parent, Noble Group Limited, who have historically provided funding to cover working capital and other expenditure, and this is expected to continue.

Accordingly, the Directors believe that the Company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the Company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity are not able to continue as going concerns.

g. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. The ultimate recoupment of capitalised exploration, evaluation and development expenditure is dependant upon the final approval of exploration permits.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

h. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

i. Financial Instruments

Financial assets – initial recognition and subsequent measurement

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

Financial assets measured at amortised cost

Trade and other receivables have been measured at amortised cost. As there is no significant financing component, these have been measured at cost and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities – initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss, amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of those measured at amortised cost, net of directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at amortised cost

Trade and other payables and borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortisation is included as finance costs in the statement of profit or loss.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial asset has been impaired. For financial assets measured at amortised cost, impairments are included within the profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

j. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k. Provisions

Provision for employee entitlements include leave entitlements. These are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

m. Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other income is recognised when the right to receive payment is established.

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

o. Goods and Services Tax ("GST")

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

p. Share-based Payment Transactions

The fair value of options granted by East Energy Resources Limited is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the option holder becomes unconditionally entitled to the options. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

q. Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

r. Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months.

s. Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

t. 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, has been identified as the Board of Directors.

u. Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

v. Critical Accounting Estimates And Judgements

In preparing this Financial Report the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

w. Significant Accounting Judgements

In the process of applying the Group's accounting policies, management has the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of Exploration and Evaluation Expenditure

The Group has capitalised significant exploration and evaluation 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.

Deferred Tax Assets

The Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

x. Significant Accounting Estimates And Assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of group key management personnel in office at any time during the financial year are:

Rex Littlewood	Managing Director and Chairman
Ranko Matic	Non-Executive Director and Company Secretary
Chris Thoroughgood	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

b. Key management personnel compensation

	2019	2018
	\$	\$
Short-term employee benefits	219,573	234,221
Post-employment benefits	1,931	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	221,504	234,221

c. Number of Options Held by Key Management Personnel

There were no options held by Key Management Personnel over the last two financial years.

d. Number of Shares Held by Key Management Personnel

Key Management Person	Balance 1.7.2018	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2019	Balance Nominally Held
Rex Littlewood	-	-	-	-	-	-
Ranko Matic	220,000	-	-	-	220,000	220,000
Chris Thoroughgood	-	-	-	-	-	-
	220,000	-	-	-	220,000	220,000

Key Management Person	Balance 1.7.2017	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2018	Balance Nominally Held
Mark Basso-Brusa	163,526,982	-	-	-	163,526,982	163,526,982
Rex Littlewood	-	-	-	-	-	-
Ranko Matic	220,000	-	-	-	220,000	220,000
Chris Thoroughgood	-	-	-	-	-	-
	163,746,982	-	-	-	163,746,982	163,746,982

e. Other transactions with key management personnel

Ranko Matic is a director and shareholder of Consilium Corporate Advisory Pty Ltd which provides directorship, corporate secretarial and accounting services performed as disclosed in the Remuneration Report.

	Consolidated	
	2019	2018
	\$	\$
Directorship, Company Secretarial and Accounting Services	54,000	54,000
Outstanding balance at year end	-	-

NOTE 3. AUDITORS' REMUNERATION

Remuneration of the auditor for:

- Auditing or reviewing the financial report	17,000	21,000
	17,000	21,000

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

	Consolidated	
	2019	2018
	\$	\$
NOTE 4. REVENUE AND OTHER INCOME		
Revenue		
Interest Received	1,294	956
	1,294	956
Other income		
Gain/(loss) on foreign exchange	5,024	-
Ex-gratia payment from related party ¹	140,430	-
	145,454	-
¹ During the year, the Group received an ex-gratia payment of US\$100,000 from major shareholder Noble Group Ltd.		
NOTE 5. INCOME TAX		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expense included in income tax expense comprises:		
- (Increase) in deferred tax assets	435,650	20,213,910
- Increase in deferred tax liabilities	(435,650)	(20,213,910)
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(Loss) before income tax	(525,589)	(12,461,678)
Prima facie tax on operating profit/(loss) at 27.5%	(144,537)	(3,426,961)
Add / (Less)		
Tax effect of exploration expenditure	(86,812)	(19,764)
Tax effect of other	14,295	(98,533)
Tax effect of exploration impairment	88,771	3,066,202
Tax effect of deferred tax asset not brought to account	128,283	479,056
Deferred tax asset not brought to account	-	-
Income tax attributable to operating loss	-	-
The applicable weighted average effective tax rates are as follows:		
Balance of franking account at year end	Nil%	Nil%
	Nil	Nil
(c) Deferred tax assets		
Tax Losses	19,094,281	18,624,505
Other	10,966	9,913
	19,105,247	18,634,418
Set-off deferred tax liabilities	(435,650)	(6,649,883)
Net deferred tax assets	18,669,597	11,984,535
Less deferred tax assets not recognised	(18,669,597)	(11,984,535)
Net Tax assets	-	-
(d) Deferred tax liabilities		
Exploration expenditure	435,650	6,649,883
Other	-	-
	435,650	6,649,883
Set-off deferred tax assets	(435,650)	(6,649,883)
Net deferred tax liabilities	-	-
(e) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	70,074,267	69,607,784

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE. 5 INCOME TAX - continued

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- ii. the Group continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

	Consolidated	
	2019	2018
	\$	\$
NOTE 6. EARNINGS PER SHARE		
(a) Earnings/(loss) used to calculate basic and diluted EPS	(1,905,589)	(12,461,678)
	Number of Shares	Number of Shares
(b) Number of ordinary shares outstanding at the end of the year	3,200,987,035	3,200,987,035
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	3,200,987,035	418,826,269
(c) The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:	Nil	Nil
	Cents	Cents
(d) Earnings/(loss) per share – basic	(0.06)	(0.0298)
Earnings/(loss) per share – diluted	(0.06)	(0.0298)

NOTE 7. CASH AND CASH EQUIVALENTS

Cash at Bank	857,008	88,302
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Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates

NOTE 8. TRADE AND OTHER RECEIVABLES

Other Receivables	5,968	11,258
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(a) Other receivables

These transactions generally arise from transactions outside the usual operating activities of the group. The balance consists of receivables relating to refunds expected in relation to good and services tax and operating expense prepayments.

(b) Ageing of receivables past due not impaired

As at 30 June 2019 there were no receivables past due not impaired.

(c) Ageing of impaired trade receivables

As at 30 June 2019 there were no receivables impaired.

NOTE 9. OTHER ASSETS

Prepayments	44,192	-
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Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 10. EXPLORATION EXPENDITURE

	Consolidated	
	2019	2018
	\$	\$
Carrying amount at the beginning of the period	13,526,000	24,430,333
Deferred exploration expenditure incurred during the period	325,805	245,493
Impairment of tenement	(1,702,805)	(11,149,826)
Carrying Value at the end of the period	12,149,000	13,526,000

The Company arranged for a valuation of its exploration assets during the previous financial period, as part of a required Independent Experts Report for the Company's AGM in May 2018. The valuation report provided a range of \$9.6m to \$19.5m with a preferred value of \$13.5m for the exploration assets. The Board has since performed an internal assessment of this valuation which has resulted in a revised valuation of \$12.1m. The Company therefore recognised an impairment of \$1,702,805 for the financial year ended 30 June 2019 (2018: \$11,149,826).

The Group has included \$Nil (2018: \$1,325) of depreciation of property, plant and equipment in exploration expenditure for the period.

The value of the Group's interest in exploration expenditure is dependent upon the:

- continuance of the economic entity rights to tenure of the areas of interest;
- results of future exploration; and
- recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The economic entity exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

	Consolidated	
	2019	2018
	\$	\$
Trade payables	1,104	82,336
Other payables	15,916	9,197
	17,020	91,533

NOTE 12. PROVISIONS

Current

	\$	\$
Provision for long service leave	1,329	-
	1,329	-

Non-Current

Provision for long service leave	-	190
	-	190

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 13. NON-CURRENT LIABILITIES

Borrowings

In July 2018, the Company received \$400,000 from Noble Group Ltd (who had a 93.42% interest in the Company) by way of a loan to fund working capital. Later in the period, the Company commenced discussions with Noble for a more formal arrangement to fund further working capital requirements and operational expenses of the Company.

On 31 January 2019, the Company entered into an intercompany loan agreement with Noble Trading Co Limited (who was part of the newly restructured Noble Group Holdings Limited and has a 93.42% interest in the Company). The Company received funding of A\$1.355m, which covers repayment of the previous \$400,000 advance from Noble Ltd made in July 2018 and provided an additional \$955K of funding to the Company for working capital purposes. Key terms of the loan facility include an interest rate of 9.8% p.a. with the repayment of the facility and all accrued interest to occur three years after the date of the Agreement. The loan is unsecured.

	2019	2018
Opening Balance	-	25,704,213
Drawings during the year	1,355,000	500,000
Capitalised/Accrued Interest during the year	54,571	818,595
Conversion to fully paid ordinary shares in the Company	-	(27,022,808)
Total Outstanding	1,409,571	-

NOTE 14. ISSUED CAPITAL

	2019 Number	Consolidated 2018 Number	2019 \$	2018 \$
(a) Share capital				
Ordinary shares				
Fully paid	(b) 3,200,987,035	3,200,987,035	86,901,419	86,901,419
Total Issued Capital	3,200,987,035	3,200,987,035	86,901,419	86,901,419

(b) Movements in Ordinary Shares

There were no movements in ordinary shares during the year.

(c) Capital Risk Management

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

Due to the nature of the Group's activities, being mineral exploration, the Group relies on funding from its major shareholder Noble with further sources of funding are equity raisings. The Group maintains focus on the Group's current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to utilising the Noble Facility carefully and considering appropriate capital raisings if required. The working capital position of the Group at 30 June is as follows:

	2019 \$	2018 \$
Cash and cash equivalents	857,008	88,302
Trade and other receivables	5,968	11,258
Other assets	44,192	-
Trade and other payables	(17,019)	(91,533)
Working capital surplus	890,149	8,027

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 15. RELATED PARTY TRANSACTIONS

(a) Parent Entity

The parent entity within the Group is East Energy Resources Ltd.

(b) Entities exercising control over the Group

The parent of the Group is Maylion Pty Ltd, which holds a 93.42% interest in the Group and is incorporated in Australia.

The ultimate parent entity that exercises control over the Group is Noble Group Holdings Limited, which holds a 93.42% interest in the Group and is incorporated in Bermuda.

(c) Subsidiaries

Interests in subsidiaries are set out in Note 19.

(d) Key management personnel

Transactions relating to key management personnel are set out in Note 2.

(e) Transactions with related parties

During the period there have been no other transactions with related parties other than those set out in Note 2 and Note 13.

NOTE 16. COMMITMENTS

Tenement Expenditure Commitments.

The Group is required to maintain current rights of tenure to tenements, which require outlays of expenditure. A tenement will be liable to forfeiture if the expenditure conditions, specified within the terms of the grant are not complied with. The Group has a 100% share of tenements rental and expenditure commitments of:

	Consolidated	
	2019	2018
	\$	\$
Payable:		
– not later than 12 months	41,000	52,500
– between 12 months and 5 years	93,000	185,000
– greater than 5 years	-	-
	<u>134,000</u>	<u>172,500</u>

NOTE 17. DIVIDENDS

The Group has not declared nor paid a dividend for the period.

	Consolidated	
	2019	2018
	\$	\$

NOTE 18. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	857,008	88,302
Reconciliation of Cash Flow from Operations with Operating Profit/(Loss) after Income Tax		
Operating profit/(loss) after income tax	(1,905,589)	(12,461,678)
- Depreciation and amortisation	-	671
- Impairment of assets	1,702,805	11,149,826
- Interest accrued	-	800,117
- (Gain)/loss on foreign exchange	(5,024)	-
Changes in assets and liabilities:		
- (Increase)/decrease in receivables	5,290	(5,866)
- (Increase)/decrease in other assets	(369,997)	(203,805)
- Increase/(decrease) in trade and other payables	(19,942)	8,956
- Increase/(decrease) in provisions	1,139	(5,272)
Net Cash Flow from/(used in) Operating Activities	<u>(591,318)</u>	<u>(717,049)</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 19. CONTROLLED ENTITIES

Parent Entity:

East Energy Resources Ltd

Subsidiary	Country of	Class of shares	Ownership Interest	
			2019	2018
Idalia Coal Pty Ltd	Australia	Ordinary	100%	100%

NOTE 20. PARENT ENTITY DISCLOSURES

(a) Financial Position

Assets

	2019	2018
Current Assets	907,168	99,560
Non-Current Assets	12,135,000	10,949,565
Total Assets	13,042,168	11,049,125

Liabilities

Current Liabilities	18,349	91,533
Non-Current Liabilities	1,409,571	190
Total Liabilities	1,427,920	91,723

Equity

Contributed Equity	86,901,419	86,901,419
Retained (Losses)	(75,287,170)	(75,944,017)
Total Equity	11,614,248	10,957,402

(b) Financial Performance

Profit/(Loss) for the year	(1,826,085)	(12,461,678)
Total Comprehensive (Loss)	(1,826,085)	(12,461,678)

(c) Contingent Liabilities of the Parent Entity

There are no such contingencies.

(d) Commitments of the Parent Entity

Not longer than 1 year	10,000	15,000
Longer than 1 year and not longer than 5 years	60,000	80,000
Longer than 5 years	-	-
Total	70,000	95,000

NOTE 21. EVENTS AFTER THE REPORTING PERIOD

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 22. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short-term deposits. The Group has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Group's activities expose it to a variety of financial risks, including, credit risk, liquidity risk, foreign exchange risk and cash flow interest rate risk. The Group is not exposed to price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

(a) Market Risk

(i) Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weighted Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2019 \$	2019 \$	2019 \$	2019 \$	2019 \$	2019 %
Financial Assets						
Cash and cash equivalents	857,008	-	-	-	857,008	0.16%
Trade and other receivables	-	-	-	5,968	5,968	-
Total Financial Assets	857,008	-	-	5,968	862,972	0.16%
Financial Liabilities						
Trade and other payables	-	-	-	17,020	17,020	-
Borrowings	-	-	1,355,000	54,571	1,409,571	9.4%
Total Financial Liabilities	-	-	1,355,000	71,591	1,426,591	9.29%

	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weighted Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2018 \$	2018 \$	2018 \$	2018 \$	2018 \$	2018 %
Financial Assets						
Cash and cash equivalents	88,302	-	-	-	88,302	0.48%
Trade and other receivables	-	-	-	11,258	11,258	-
Total Financial Assets	88,032	-	-	11,258	99,560	0.48%
Financial Liabilities						
Trade and other payables	-	-	-	91,533	91,533	3.54%
Total Financial Liabilities	-	-	-	91,533	91,533	3.54%

The Group 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. Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The Group does not have any receivables or payables that may be affected by interest rate risk.

Sensitivity analysis

At 30 June 2019, if interest rates had changed by +/-100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss would have been \$6,662 (2018: \$252,512) lower/higher as a result of lower/higher interest income from cash and cash equivalents and lower/higher interest expense applicable to loans. Management have deemed a movement of 100 basis points to be an appropriate measure for this sensitivity analysis.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 22: FINANCIAL RISK MANAGEMENT - continued

(b) Credit risk

The Group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Group. Given this the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:-

	Consolidated	
	2019	2018
	\$	\$
Financial assets - counterparties without external credit rating		
Financial assets with no defaults in the past	5,968	11,258
Cash and cash equivalents		
'AA-' S&P rating	857,008	88,302
	862,976	99,560

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding. The Group's exposure to the risk of changes in market interest rates relate primarily to cash assets. The directors monitor the cash-burn rate of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has access to financial support from the Noble Group, its 93.42% shareholder).

The financial liabilities the Group had at reporting date were other payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
As at 30 June 2019							
Trade and other payables	17,020	-	-	-	-	17,020	17,020
Borrowings	-	-	-	1,409,571	-	1,409,571	1,409,571
Total financial liabilities	17,020	-	-	1,409,571	-	1,426,591	1,426,591
As at 30 June 2018							
Trade and other payables	91,723	-	-	-	-	91,723	91,723

(d) Foreign exchange risk

Foreign exchange risks arise when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. The Group operated a US Bank account for a short period, and so exposed to the fluctuations in the US dollar at that time. That account is no longer operated and therefore there is no ongoing exposure to foreign exchange risk.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2019

NOTE 22: FINANCIAL RISK MANAGEMENT - continued

(e) 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 Group at the reporting date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

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

The carrying value of borrowings are assumed to be their fair value as the value is periodically confirmed with the borrower as to the amount outstanding and interest accruing. The borrowings at reporting date are recorded at amounts approximating their carrying amount.

NOTE 23. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group does not have any operating segments with discrete financial information. The Group does not have any customers at this stage, and all the Group's assets and liabilities are located within Australia. The Board of Directors review internal management reports that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

NOTE 24. GROUP DETAILS

The registered office and principal place of business of the Group is:
Level 2, 22 Mount Street
PERTH WA 6000

NOTE 25. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities.

NOTE 26. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of new and revised standards

In the year ended 30 June 2019, the Company has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for current annual reporting.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company's accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company's accounting policies.

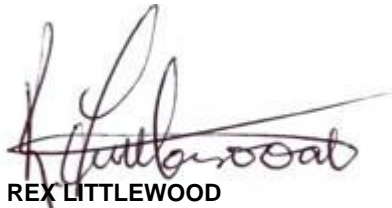
Directors' Declaration

For the year ended 30 June 2019

The Directors of the Group declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standards and Corporations Regulations 2001; and
 - b. giving a true and fair view of the Group's financial position at 30 June 2019 and of its performance for the year ended on that date.
2. In accordance with Section 295A of the Corporations Act the Chief Executive Officer and the Chief Financial Officer have provided the directors with declarations that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
4. The Group has included in the notes to the financial statement an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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



Handwritten signature of Rex Littlewood in black ink, appearing as a stylized cursive script.

REX LITTLEWOOD
Managing Director

DATED this 27th day of September 2019

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122

Independent Auditor's Report

To the Members of East Energy Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of East Energy Resources Limited ("the Company") and Controlled Entity ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity'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;
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 1(f) to the annual report, which indicates that the Consolidated Entity incurred a net loss of \$1,905,589 and as of that date, the Company had net cash outflows from operating activities of \$591,318. These conditions, along with other matters as set forth in Note 1(f), indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Consolidated Entity 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 qualified opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Exploration and Evaluation Expenditure – \$12,149,000 (Refer to Note 10)</p> <p>Exploration and evaluation is a key audit matter due to:</p> <ul style="list-style-type: none">• The significance of the balance to the Consolidated Entity's consolidated financial position.• The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.• The assessment of impairment of exploration and evaluation expenditure being inherently difficult.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements.• For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;• We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;• We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.• We assessed each area of interest for one or more

	<p>of the following circumstances that may indicate impairment of the capitalised expenditure:</p> <ul style="list-style-type: none"> • the licenses for the right to explore expiring in the near future or are not expected to be renewed; • substantive expenditure for further exploration in the specific area is neither budgeted or planned • decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and • data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. <ul style="list-style-type: none"> • We assessed the appropriateness of the related disclosures in note 10 to the financial statements.
<p>Borrowings – \$1,409,571 (Refer to Note 13)</p> <p>Borrowings from Noble Group is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the loan to the Consolidated Entity's consolidated financial position. • The loan from related party being new with no balance at the prior year end. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining the signed loan agreement and verifying the terms and conditions of the loan, including repayment terms, interest rates and security and compliance therewith; • Obtaining a signed loan confirmation of the year end balance from the lender; and • Recalculating the interest expense on the loan for the year and the amount of interest owing at year end.

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, 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.

Directors' Responsibility 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 Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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 responsibility is to express an opinion on the financial report based on our audit. 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Consolidated Entity'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 Consolidated Entity to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity's 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.

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 financial report of the current period and are therefore the 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

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

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

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD

ELIZABETH LOUWRENS

ELIZABETH LOUWRENS CA

Director

DATED at PERTH this 27th day of September 2019

Shareholder Information

Additional information required by the Australian Securities Exchange Limited Listing Rules, and not disclosed elsewhere in this report.

Class Of Shares And Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

Substantial Shareholders

The names of the substantial shareholders in the Company's register as at 23 August 2019 are:

	Number
1. Maylion Pty Ltd	2,990,419,558
2. Majicyl Pty Ltd <Basso Investment A/c>	163,526,982

Distribution Of Shareholders (as at 24 September 2019)

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1,000	37	6,980	0.000%
1,001 – 5,000	124	358,571	0.011%
5,001 – 10,000	100	855,992	0.027%
10,001 – 100,000	278	11,015,127	0.344%
100,001 – over	90	3,188,750,365	99.618%
	629	3,200,987,035	100.000%

There were 571 shareholders holding less than a marketable parcel at 23 August 2019. The percentage of shares held by the 20 largest shareholders is 99.18%. There is no current on-market buy back taking place.

Distribution of Listed Option holders

There are currently no listed options.

Unlisted Options

There are currently no unlisted options.

Shareholder Information - continued

TWENTY LARGEST SHAREHOLDERS (as at 23 August 2019)

NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD
Maylion Pty Ltd	2,990,419,558	93.422%
Majicyl Pty Ltd <Basso Investment A/C>	163,526,982	5.109%
Altius Investment Holdings	2,897,892	0.091%
Benison Holdings Pty Ltd	2,225,994	0.070%
Diverse Industry Financial Services Pty Ltd	1,650,000	0.052%
DBS Vickers Securities (Singapore) Pte Ltd <Client Account>	1,403,000	0.044%
S & CJ Pty Ltd <Falcon Gold Super Fund A/C>	1,400,000	0.044%
Mr Timothy John Ellix	1,160,000	0.036%
Jomot Pty Ltd	1,064,868	0.033%
JP Morgan Nominees Australia	1,060,000	0.033%
Mr Andrew Michael Pratt & Mr Andrew David Argyle	1,000,000	0.031%
GA & AM Leaver Investments Pty Ltd <GA & AM Leaver S/Fund A/C>	1,000,000	0.031%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	830,005	0.026%
Mr Ernest Feldman	822,000	0.026%
Mr Mario Ambrosino	815,010	0.025%
Janafield Pty Ltd <Superannuation Fund A/C>	800,000	0.025%
Mr Moises Caeiro	786,360	0.025%
Mrs Sixia Xue	688,783	0.022%
Mr David Robert John Kaluza & Mrs Cyrene Constantino Kaluza <CD Kaluza Superfund A/C>	659,637	0.021%
Mr Sook Kim Yap & Mrs Kit Yee Yap <Yap Sook Kim & Sons S/F A/C>	626,000	0.020%
Total	3,174,836,089	99.183%