

**BIG RIVER GOLD LIMITED**  
**(formerly Crusader Resources Limited)**

A B N: 94 106 641 963

**Annual Report**

**Year ended 31 December 2019**

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## Corporate Information

This annual report covers both Big River Gold Limited, formerly Crusader Resources Limited, (the 'Company' or 'Big River') and its subsidiaries (the 'Group'). The Group's functional and presentation currency is Australian dollars (\$).

A description of the Group's operations and of its principal activities is included in the Review of Operations and Activities in the Directors' Report on pages 4 to 28. The Directors' Report is not part of the financial report.

### Directors

Stephen Copulos (Chairman) – appointed 28 February 2019, resigned 1 January 2020

Andrew Richards – appointed 28 February 2019 (Executive Director), appointed 1 January 2020 (Executive Chairman)

Andrew Vickerman (Chairman) – resigned 28 February 2019

Marcus Engelbrecht (Managing Director) – resigned 28 February 2019

John Evans (Non-executive Director)

John Cathcart (Non-executive Director) – appointed 1 January 2020

Beau Nicholls (Non-executive Director) – appointed 1 January 2020

Paul Stephen (Executive Director) – resigned 30 January 2019

### Company Secretary

Andrew Beigel

### Registered office and principal place of business

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### Auditors

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123 St Georges Terrace Perth WA 6000

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### ASX Code:

Ordinary shares – BRV

Listed Options – BRVO

### Bankers

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Perth WA 6000

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HWL Ebsworth

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## Chairman's Letter to Shareholders

Dear Shareholder,

I am pleased to present Big River Gold's Annual Report for 2019 which has been a very positive, active and rewarding year for the Company. I am even more pleased to advise that despite the developing impact of the coronavirus pandemic we are seeing at years end, we remain very optimistic about the future prospects for the Company in the year ahead.

2019 witnessed numerous developments that strengthened the Company's position including the removal of all debt, closure of the UK's AIM listing, a return to trading on the ASX and a renewed focus on our core gold asset at Borborema. Cost control measures and additional funds which were injected into the company through an Entitlements issue raising \$4.11 million (before costs) and the sale of non core assets have enabled the Big River to enter 2020 in a strong financial position capable of progressing the Borborema gold project as we assess project financing options.

As a result, December 2019 saw the Company debt free with a ten-fold increase in the cash position to \$4.3 million. Current liabilities dropped from \$3.13 million to \$0.59 million and the net operating losses from continuing operations of \$1.62 million compared very favourably with the previous year's \$6.12 million. Expenditure on corporate costs decreased markedly from \$4.46 million (2018) to \$2.14 million (2019) and facilitated the completion of the Definitive Feasibility Study on schedule in December 2019.

The Definitive Feasibility Study (DFS) considered the development of a 2.0 Mtpa operation at the Borborema Gold Project and confirmed the viability and economic robustness of the project. Assuming a gold price of US\$1400 the DFS cash flows estimated a post tax NPV of US\$203M (discounted at 8% pa) and an IRR of 41.8%. The estimated project capital cost is US\$87.97M plus contingency of US\$11.36M (11.4%) totalling US\$99.3M. The gold price has increased strongly since completion of the DFS and traded above US\$1600 (+15%) for much of recent weeks.

Average C1 operating costs over the 10 year operating mine life are estimated to be US\$642 per ounce with an All-In Sustaining Cost (AISC) of US\$839 per ounce. The AISC represents a margin of US\$561/oz on the gold price assumed in the DFS and US\$684/oz on the gold price at years end. Over 10.2 years the DFS estimates gold production of 729,000 oz with an average of 84,500 oz per annum produced in the first 4.5 years.

The DFS provides a foundation on which to seek project finance and we entered into discussions with a number of potential project financiers with a view to commence construction of the Borborema project in 2020. These discussions are ongoing and a number of institutions have commenced their due diligence and despite difficult market conditions we are encouraged by their level of interest, the results of the DFS and the strengthening gold price.

However, the fallout from the coronavirus pandemic has had a negative impact on all businesses and the ability of our personnel and contractors to complete their work. The situation remains fluid but it is likely the financing process will be delayed but it is unclear as to what extent.

Late in the year a number of changes were made to the Board that came into effect on 1 January 2020. Mr Stephen Copulos retired as Non-executive Chairman and I was appointed as Executive Chairman. Mr Copulos is a major shareholder and long time supporter of Big River and we thank him for his service to the Company in the role of Chairman. In addition, Mr John Cathcart and Mr Beau Nicholls were appointed as Non-Executive Directors and bring a breadth of knowledge and experience in the financial markets and operating in Brazil.

I would like to thank all our shareholders for their ongoing support and hope to provide you with some encouraging news on the development of the Borborema project that will deliver value for shareholders

Yours sincerely



Andrew Richards  
Executive Chairman

## Directors' Report

### REVIEW OF OPERATIONS

During the year operations and projects were reviewed and non core assets disposed of as the Company moved its focus to developing the Borborema Gold Project.

The major disposal was the sale of the Juruena project in a cash plus share purchase arrangement discussed in more detail below.

With the additional funds acquired the Company focussed on completing the engineering studies and updating previous work to produce a Definitive Feasibility Study report for the Borborema project in December 2019.

### BORBOREMA GOLD PROJECT

Rio Grande do Norte State, Brazil (BRV 100%)

#### The Borborema Project – Location and Licences

Borborema is located in the Seridó area of the Borborema province in north-eastern Brazil. It is 100% owned by Big River) through its wholly owned subsidiary Cascar and consists of three mining leases covering a total area of 29 km<sup>2</sup> including freehold title over the main prospect area.



Figure 1. Project Location

Big River owns the freehold land for the area considered by the mine, plant and infrastructure within the DFS. The main Environmental and Installation Permits have also been granted by the relevant Government authorities which will allow construction of the project to commence subject to financing.

The Project benefits from a favourable taxation regime, existing on-site facilities and excellent infrastructure such as buildings, grid power, water and sealed roads. It is close to major cities and regional centres and the services they can provide.

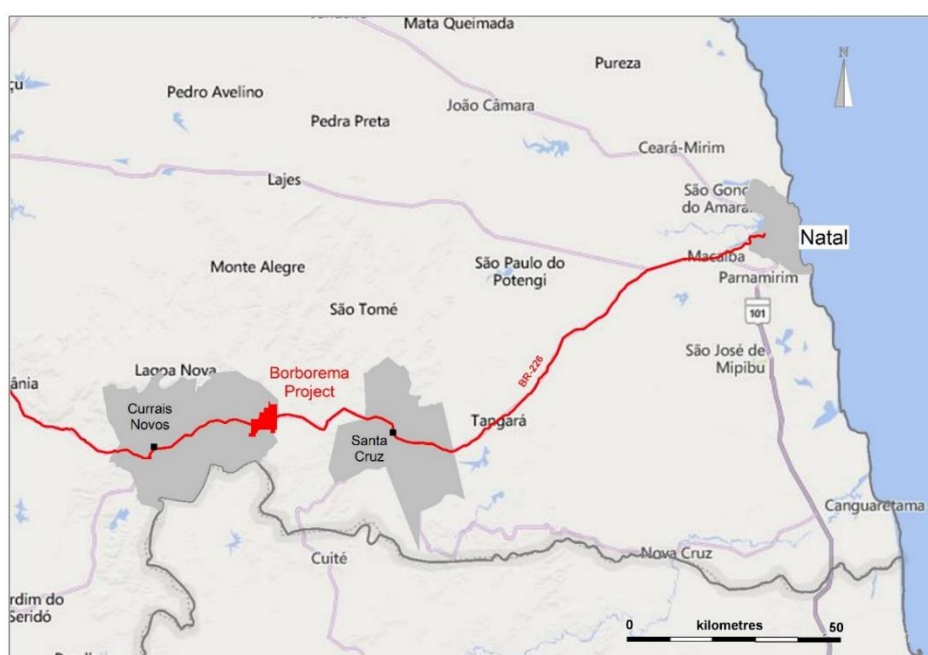


Figure 2. Location of Borborema project showing proximity to infrastructure and access.

### Borborema Gold Project – Definitive Feasibility Study Completed

During the year the Company completed a Definitive Feasibility Study (DFS) on the development of a 2.0 Mtpa operation at the Borborema Gold Project located in north-eastern Brazil which has been completed by managing engineers, Wave International Ltd. The results of the DFS were announced to the ASX on 19 December 2019 and 23 December 2019. Borborema is 100% owned by Big River through its wholly owned subsidiary Cascar Mineração Ltda (Cascar).

The DFS has confirmed the viability and economic robustness of Borborema and was completed within the accuracy of 10-15% required by international best practice. It comprises a conservative, detailed study of a standalone gold project and estimates a post tax NPV of US\$203M (discounted at 8% pa) and an IRR of 41.8%.

The estimated project capital cost is US\$87.97M plus contingency of US\$11.36M (11.4%) totalling US\$99.3M which compares favourably to the review announced in February 2018 of US\$93.4M excluding contingency<sup>3</sup>.

Average C1 operating costs over the 10 year operating mine life are estimated to be US\$642 per ounce compared with previously estimated US\$737/oz<sup>1</sup> and an All-In Sustaining Cost (AISC) of US\$839 per ounce (US\$908).



Figure 3. View to the south west over Borborema pit showing exposed ore zone and infrastructure – existing and designed.

The DFS details an initial Stage 1 Life of Mine (LOM) of 10.2 years, producing an average 71,250 ounce of gold per annum from a single open pit. Ore will be processed through a single stage crushing circuit and SAG and Ball (SAB) milling circuit followed by conventional cyanide leaching. Metallurgical recoveries are high ramping up to 92.5% with a 36 hour residence time and low reagent consumption. Gold recovered in production Years 1 and 2 is expected to be 83,888 oz and 83,954 oz respectively delivering revenues of US\$235M in the first two years. Production in Years 3 and 4 will increase to 96,938 oz.

Sourcing water for processing and mine operations in this semi arid region has been raised as an issue for the project in the past but was successfully addressed through a combination of filtering and recycling 80% of process water from the tailings (removing the need for a tailings dam), surface storage of the region's modest rainfall and securing the offtake of grey water from the nearby town of Currais Novos. That grey water which is essentially sewage will be piped to site where it will be treated and used in the processing plant.

The DFS was managed by international engineering firm Wave International Ltd (Wave) who also undertook the process and infrastructure design with key contributions from Gruppo GE21 (mine design and scheduling),

Integratio (social and community aspects) and testwork from ALS Laboratories, Outotec and SGS. The DFS built on previous studies and work completed by Ausenco, TetraTech and others.

<sup>1</sup> Refer ASX announcement 8 February 2018.

With the completion of the DFS and LOM cashflow model the Company is now in the position of advancing discussions with several financial institutions that have expressed interest in providing project finance and were awaiting the finalised cashflow model. That will commence immediately with the assistance of Araujo Fontes, Big River's financial advisors in Brazil.

### Summary of Key Results

Table 1 below summarises the key operating and financial results of the DFS which was undertaken at a gold price of US\$1,400 per ounce.

| Table 1. Summary Borborema DFS key results                              |                                |
|---|--------------------------------|
| <b>Key Parameters</b>   |                                |
| Mineral Resources (reported above 0.5g/t Au cut off, 2013) <sup>2</sup> | 68.6Mt @ 1.10 g/t Au (2.43Moz) |
| Stage 1 Mining Schedule in DFS <sup>3</sup>                             | 20.0Mt @ 1.22 g/t (784,480 oz) |
| Gold produced   | 729,374 ounces                 |
| <b>Capital Costs</b>  |                                |
| Processing plant Capital Costs  | US\$ 58.61M                    |
| Non Processing infrastructure and Owners costs                          | US\$29.36M                     |
| Contingency   | US\$ 11.36M                    |
| <b>Total Capital Summary</b>  | <b>US\$ 99.33M</b>             |
| NPV (8%, Pre Tax)   | US\$ 218M                      |
| NPV (8%, Post Tax)  | US\$ 203M                      |
| IRR (Pre Tax)   | 43.6%                          |
| IRR (Post Tax)  | 41.8%                          |
| Payback from commencement of production                                 | 2.4 yrs                        |
| <b>Life of Mine C1 Cash Costs</b>                                       | <b>US\$642/oz</b>              |
| <b>Life of Mine AISC costs</b>  | <b>US\$839/oz</b>              |
| <b>Production Summary</b>   | <b>LOM</b>                     |
| Mine Life (from commissioning date)                                     | 10.2 years                     |
| Strip ratio (waste (t): Ore(t))   | 4.2                            |
| Mill throughput (total)   | 20.0 Mt                        |
| Grade   | 1.22 g/t Au                    |
| Recovery  | 92.5%                          |
| Gold produced – over Life of Mine                                       | 729,374 oz                     |
| <b>Project Economics, US\$M</b>   | <b>LOM</b>                     |
| Study Gold price  | \$1,400/oz                     |
| Gross Revenue LOM   | \$ 1,021M                      |
| Operating costs LOM   | \$ 494M                        |
| Capital:  |                                |
| Capital – Project Plant (inc contingency)                               | \$ 99.3M                       |
| Capital – sustaining and mine closure costs (LOM)                       | \$ 21.0M                       |
| Working capital – Mine establishment pre-production                     | \$ 6.6M                        |
| Working capital – Other   | \$12.7M                        |
| EBITDA  | \$527.3M                       |
| NPAT  | \$328.3M                       |

<sup>2</sup> Resources estimated 2013, refer ASX Announcement 24 July 2017

<sup>3</sup> Pit optimisation and Reserves estimated using gold price of US\$1,250/oz



| Table 1a. Borborema DFS key results – Effect of varying gold price |          |                |          |          |          |
|--|----------|----------------|----------|----------|----------|
| Effect of varying gold price                                       | US\$1350 | US\$1400       | US\$1500 | US\$1600 | US\$1700 |
| NPV (8%, post tax), US\$   | 183M     | <b>203M</b>    | 244M     | 285M     | 326M     |
| IRR (post tax)   | 38.9%    | <b>41.8%</b>   | 47.3%    | 52.5%    | 57.6%    |
| Payback (from start production)                                    | 2.6 yrs  | <b>2.4 yrs</b> | 2.1 yrs  | 1.8 yrs  | 1.7 yrs  |
| Ave EBITDA (Full years), US\$                                      | 50.3M    | <b>53.83M</b>  | 61.0M    | 68.1M    | 75.3M    |

The ore mined will be stockpiled according to grade and higher grades will be preferentially fed to the plant over the first 4.5 years of production during which average gold production is 84,500 oz per annum. Subsequently medium grade ore will be used to supplement the 2Mtpa mill feed leading to a lower head grade and gold production which will be offset by lower mining costs as ore production winds down as currently scheduled in Stage 1 (refer Figure 4).

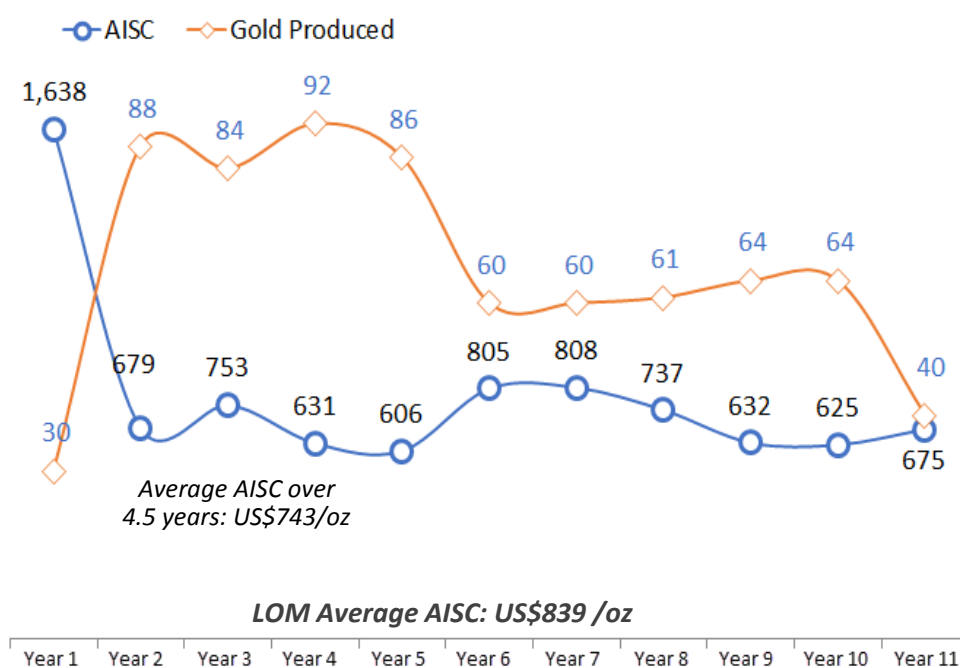


Figure 4. Forecast Gold production (koz) and average AISC (in US\$/oz)



## Mineral Resource, Reserves and Mine Schedule

Borborema contains a Mineral Resource (JORC 2012) totalling 69Mt at 1.1g/t Au containing 2.43 Moz gold (refer ASX Announcement dated 24 July 2017 and Table 2). GE21 reviewed the resource to identify higher grade, contiguous material that could be preferentially mined in the initial Stage 1 open pit. The resulting Stage 1 Mineral Reserve estimate comprises 20Mt at 1.22g/t Au containing 784,100 ounces (Table 3) of which 37% of the contained gold is in the Proven Reserve category and 73% in the Probable category.

All ore considered in the mine and process schedule is derived from the Measured and Indicated categories of the Mineral Resource. No Inferred category resource is included in the schedule.

Table 2. Borborema Mineral Resource by Multiple Indicator Kriging estimation

| Category (>0.5g/t COG)      | Tonnes (Mt) | Grade (g/t Au) | Au Ounces (kOz) |
|-----------------------------|-------------|----------------|-----------------|
| Measured                    | 8.2         | 1.22           | 320             |
| Indicated                   | 42.8        | 1.12           | 1,547           |
| <b>Measured + Indicated</b> | <b>51.0</b> | <b>1.14</b>    | <b>1,867</b>    |
| Inferred                    | 17.6        | 1.00           | 566             |
| <b>Total Resource</b>       | <b>68.6</b> | <b>1.10</b>    | <b>2,430</b>    |

**Mineral Resource (JORC 2012)** reported above 0.5 g/t Au cut-off. Parent Block 25mE x 25mN x 5mRL. Selective Mining Unit 5mE x 6.25mN x 2.5mRL. Note, appropriate rounding has been applied, subtotals may not equal total figures. (ASX Announcement 24 July 2017).

Table 3. Borborema Stage 1 Mineral Reserves (as at 13 August, 2019)

| Category                    | Tonnes (Mt) | Grade (g/t Au) | Contained Au (kOz) |
|-----------------------------|-------------|----------------|--------------------|
| Proven                      | 7.3         | 1.26           | 293.1              |
| Probable                    | 12.7        | 1.20           | 491.0              |
| <b>Total in Pit Reserve</b> | <b>20.0</b> | <b>1.22</b>    | <b>784.1</b>       |
| Low Grade Stockpile         | 15.6        | 0.31           | 153.5              |
| Waste                       | 67.2        |                |                    |
| <b>Total Waste + LG</b>     | <b>82.8</b> |                |                    |
| <b>REM</b>                  | <b>4.14</b> |                |                    |

(1) Block Dimensions 25x25x5 (m); (2) Final slope angle range: 37° to 64°; (3) Mine Recovery 98% - Dilution 0%  
 (4) JORC (2012) definitions followed for Mineral Reserves. (5) Mineral Reserves are inclusive in Mineral Resources  
 (6) Reserves were estimated following the parameters:  
 Gold price US\$1,245 /oz, mining costs: US\$ 2.72/t mined, processing costs: US\$ 10.96/t milled and G&A: US\$ 4.20 /oz. Recovery 94%.

## Processing, Tailings and Infrastructure

### Processing

The proposed plant design is based on a nominal feed of 2 Mtpa of ore and a plant availability of 90% supported by crushed ore emergency stockpile and stand-by equipment in critical areas. The design includes single stage primary crushing with a SAG & Ball Milling (SAB) circuit to achieve a P80 106µm product to leaching to achieve > 92.5% gold recovery (refer Figures 5 to 7).

The plant design incorporates the following unit process operations:

- Single stage primary crushing to produce a crushed product size of 80% passing (P<sub>80</sub>) of 92mm.
- Transfer conveyor feeding a surge bin with an overflow ore stockpile (48 hours total capacity). Ore reclaim from the bin via apron feeders with emergency reclaim by front end loader.
- Two stage SAG / Ball milling in closed circuit with hydrocyclones to produce a P<sub>80</sub> grind size of 106 µm.
- A Carbon in leach circuit incorporating six CIL tanks containing carbon for gold adsorption.
- Six tonne capacity split Anglo (AARL) elution circuit, electrowinning and precious metal smelting to recover gold and silver from the loaded carbon to produce doré.
- Thickener unit to recover the cyanide and reduce overall reagent consumption.
- Tailings treatment incorporating cyanide destruction using sodium metabisulphite / air.
- Tailings filtration station to obtain a filter cake which will be transported by conveyor to a tailings stockpile for collection and disposal by truck to the waste dump.

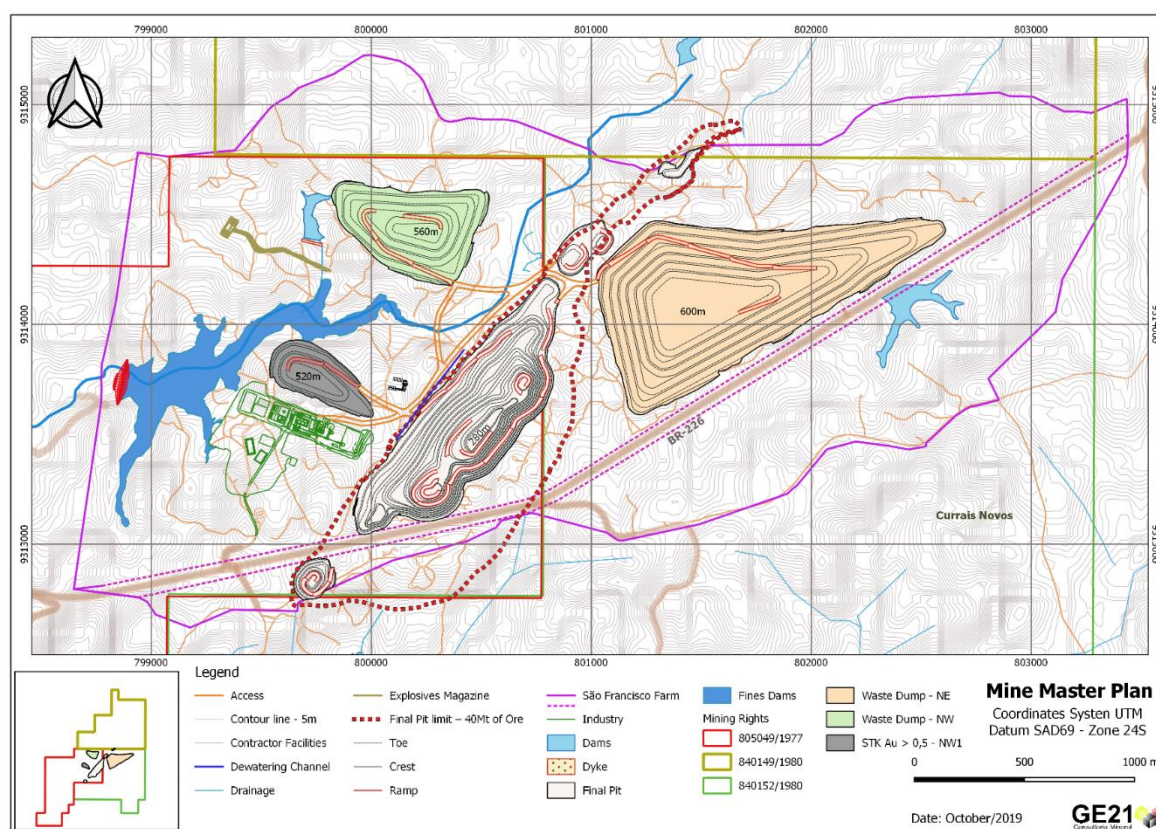




Figure 6: Process plant site overview

The crushing plant will be able to operate at a design throughput of up to 304 tph at an availability of 90%. Excess ore from the surge bin will be stockpiled and reclaimed from the emergency stockpile (capacity of approximately 12,000 t) via reclaim front end loader (FEL) and emergency stockpile transfer conveyor to the SAG mill feed conveyor.

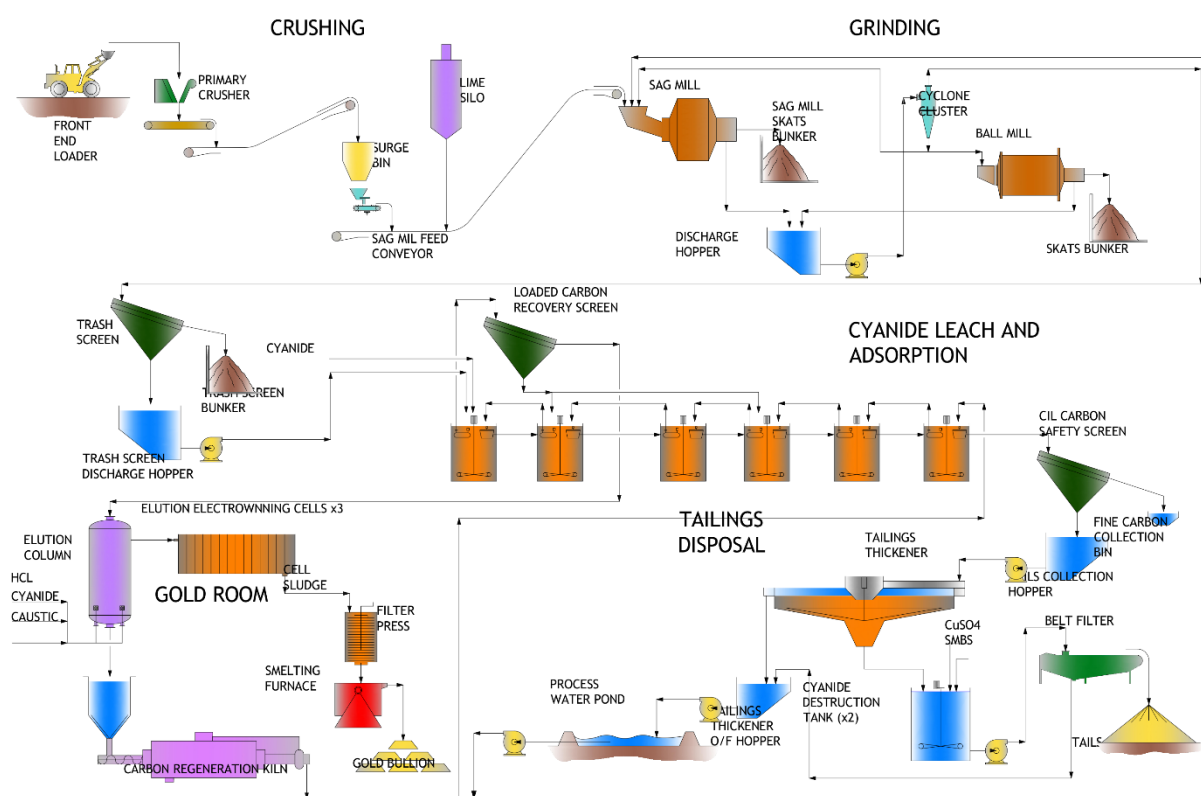


Figure 7: Simplified general process flow diagram

## Tailings Disposal

The tailings dam has been replaced with a co-disposal system of tailings and waste rock. The purpose of the waste / tailings facility is the disposal of the waste from Borborema pit and other mining areas and also tailings from the beneficiation plant in a controlled fashion, so that the waste stockpile is stable, ensuring the safety of people, equipment and the environment.

In general, the tailings will be thickened at the plant and after detoxification will be filtered and sent to the co-disposal dump sites.

## Infrastructure

The key features of the Project's layout are its compact nature and easy internal and external access, including the process plant, roads, helipad, plant and mining services areas, mine open pit and mine waste dump. Haulage distances to the waste dumps and ROM pad are centrally located adjacent to the pit. The plant will be built in a location with solid foundation conditions (Figure 5).

The main, existing, access road approaches the site from the southwest and the layout provides easy access for personnel and materials movement, crossing the existing gatehouse, offices, and restaurant.

The main access to the mine site is from the BR-226 highway, 130 km from Natal or 26 km from Currais Novos. From the main access a series of internal roads provide vehicular mobility across the mine-site. The total internal road design covers 3,314 meters of which 1,927 will be paved.

## Water & Power

Process water supply has been ensured for the project through a combination of filtering and recycling 80% of the process water from the tailings, surficial capture of rainfall in dams and the piping of greywater from Currais Novos to site.

The water from the Currais Novos wastewater (sewage) pond will be pumped under an agreement reached with the local water authority, CAERN, to the process plant storage tank located adjacent to the plant. This water will be treated on site for use in the plant. The wastewater treatment will comprise a combination of filtration, chlorination and reverse osmosis. Conventional treatment will provide raw water for use in all areas of the process with the exception of the elution circuit and WAD cyanide analyser which will receive high-quality water from reverse osmosis treatment.

Potable or drinking water will be trucked from nearby towns for use on site by personnel.

Power to the Project will be supplied from the grid by tapping into the Currais Novos II substation and installing a 30km, 69kV transmission line to the project site. Power from the transmission line will be received at a new main sub-station to be constructed under the Project, stepped down to 13.8kV and distributed to the main consumption points across the project site. The infrastructure and power supply up to the new main sub-station will be provided by power utility COSERN - Companhia Energética do Rio Grande do Norte. The Company is currently in advanced discussions with the utility and will prioritise a formal supply agreement.

## Capital Requirements

The Company plans on utilising a processing plant with industry standard crushing and SAB milling circuits. The Capital Cost Estimate (CCE) for the Project scope was developed to meet the requirements of a Class 2 estimate as defined by the American Association of Cost Engineers' (AACE) Cost Estimation and Classification System (as applied for Mining and Minerals Processing Industries) with an accuracy range of -10% to + 15%.

The CCE reflects the capital to enable the Company to operate at a mining and process plant throughput of 2 Mtpa. The CCE includes all costs associated with project implementation starting with detailed design through commissioning.

The total capital required to implement the Project has been estimated at US\$99.3M (Including Contingency of US\$11.4M). Based on the works scope definition status and the extent of study work completed a weighted contingency of 12.9% was calculated (or 11.4% of total CAPEX).

The CCE for the Project is summarised in Table 4 below. All costs are expressed in US dollars with a base date of November 2019.

| Table 4: Summary of Capex by Area          |                        |                   |                   |                 |                   |               |
|--|------------------------|-------------------|-------------------|-----------------|-------------------|---------------|
| DESCRIPTION                                | QTY                    | SUPPLY            | INSTALL           |                 | TOTAL (\$USD)     | OF TOTAL      |
| <b>DIRECT FIELD COSTS</b>                  |                        | <b>37,068,020</b> | <b>27,917,866</b> | <b>OF TOTAL</b> | <b>64,985,886</b> | <b>63.5%</b>  |
| Earthworks                                 | 399,000 m <sup>3</sup> | 1,080             | 7,286,346         | 100.0%          | 7,287,426         | 7.1%          |
| Building and Architectural                 |                        | 1,340,816         | 1,945,896         | 59.2%           | 3,286,712         | 3.2%          |
| Civil and Concrete                         | 3,900 m <sup>3</sup>   | 61,584            | 2,614,670         | 97.7%           | 2,676,254         | 2.6%          |
| Structural Steelwork                       | 1,100 t                | 3,417,666         | 2,807,060         | 45.1%           | 6,224,726         | 6.1%          |
| Mechanical / Platework                     |                        | 24,761,723        | 5,042,608         | 16.9%           | 29,804,331        | 29.1%         |
| Piping and Valves                          | 7,000 m                | 4,095,428         | 1,863,377         | 31.3%           | 5,958,805         | 5.8%          |
| Electrical, Controls and Instrumentation   | 29,000 m               | 3,389,723         | 6,357,909         | 65.2%           | 9,747,632         | 9.5%          |
| <b>INDIRECT / OTHER FIELD COSTS</b>        | <b>OF DISCIPLINE</b>   | <b>6,139,747</b>  | <b>7,208,440</b>  |                 | <b>13,348,187</b> | <b>13.4%</b>  |
| <b>Preliminaries</b>                       |                        |                   |                   |                 |                   |               |
| Earthworks                                 | 6.0%                   | 65                | 437,181           |                 | 437,246           | 0.4%          |
| Building and Architectural                 | 6.0%                   | 80,449            | 116,754           |                 | 197,203           | 0.2%          |
| Civil and Concrete                         | 6.0%                   | 3,695             | 156,880           |                 | 160,575           | 0.2%          |
| Structural Steelwork                       | 6.0%                   | 205,060           | 168,424           |                 | 373,484           | 0.4%          |
| Mechanical / Platework                     | 6.0%                   | 1,485,703         | 302,557           |                 | 1,788,260         | 1.8%          |
| Piping and Valves                          | 6.0%                   | 245,726           | 111,803           |                 | 357,528           | 0.4%          |
| Electrical, Controls & Instrumentation     | 6.0%                   | 203,383           | 381,475           |                 | 584,858           | 0.6%          |
| ISSQN                                      |                        | 498,440           | 1,461,269         |                 | 1,959,709         | 2.0%          |
| Transport / Delivery to Site               |                        | -                 | 2,956,811         |                 | 2,956,811         | 3.0%          |
| Vendor Support                             |                        | -                 | 884,457           |                 | 884,457           | 0.9%          |
| Mobile Equipment                           |                        | 645,500           | -                 |                 | 645,500           | 0.6%          |
| Mobilisation and Demobilisation            |                        | 953,662           | 230,832           |                 | 1,184,494         | 1.2%          |
| Spares                                     | 3.4%                   | 951,403           | -                 |                 | 951,403           | 1.0%          |
| First Fills                                | 3.5%                   | 866,660           | -                 |                 | 866,660           | 0.9%          |
| <b>HOME OFFICE COSTS</b>                   |                        | <b>-</b>          | <b>9,635,797</b>  |                 | <b>9,635,797</b>  | <b>9.4%</b>   |
| EPCM Labour and Expenses                   |                        |                   | 4,964,466         |                 | 4,964,466         | 5.0%          |
| Owners' Team Labour and Expenses           |                        |                   | 3,171,331         |                 | 3,171,331         | 3.2%          |
| External Consultants and Peer Review       |                        |                   | 150,000           |                 | 150,000           | 0.2%          |
| Insurances                                 |                        |                   | 1,350,000         |                 | 1,350,000         | 1.4%          |
| <b>TOTAL CAPEX (EXCLUDING CONTINGENCY)</b> |                        |                   |                   |                 | <b>87,969,870</b> | <b>88.6%</b>  |
| <b>CONTINGENCY</b>                         |                        |                   |                   |                 | <b>11,360,982</b> | <b>11.4%</b>  |
| <b>TOTAL CAPEX</b>                         |                        |                   |                   |                 | <b>99,330,851</b> | <b>100.0%</b> |



## Operating Costs

The operating cost estimate (OPEX) was developed as a “bottom-up” estimate over a 10 year mine life to obtain average operating costs. The methodology adopted allows for an accuracy of +/- 10 to 15%.

The total operational expenditure for the project is estimated to be US\$642 per ounce produced or US\$23.36 per treated tonne.

## Methodology

Cost estimates were provided for each activity and were benchmarked against the following:

- First principle estimates;
- Suppliers’ budget quotations; and
- Consultant data derived from similar external projects.

The OPEX was generated utilising the information from the mass balance, direct process engineering input for reagent usage, mining operating costs and the equipment maintenance aligned with the equipment provided for in the capital estimate.

## Cost areas

The major cost areas contributing to the overall OPEX includes Mining cost as the greatest cost contributor at 45% with HV power costs second at 17%. The Company will have a staff complement of 128 full time employees across General Administration, Management, Mining, Processing, Engineering and Stores management with an additional 247 contractors.

Reagent costs are expected to be significantly lower than other operations based on testwork. The average consumption is 0.24 kg/t for cyanide and 0.46 kg/t for lime, which is in line with the consumption on master composite sample.

## Cash Flow Analysis

### Cash flow model

A cash flow model was developed to conduct discounted cash flow analysis of the Project. The base case model is based on a gold price of US\$1,400/oz, an 8% discount rate and an exchange rate of USD:BRL of 0.24.

The model includes a comprehensive tax treatment, incorporating all taxes and duties applicable to capex and opex and to revenues. The standard Brazilian corporate tax rate is 34%, comprising 25% income tax and 9% CSLL (social tax). A tax concession is currently in place for projects in the north-east of Brazil, reducing the 25% income tax component to 6.25% (i.e., a total of 15.25%) and has been applied. This benefit has been routinely extended for periods of 10 or 5 years since its introduction in 1973. In addition, a series of tax concessions negotiated with the Rio Grande do Norte state government have been included in the capex and opex estimates.

The base case after-tax NPV is US\$203m with an IRR of 41.8% and an undiscounted payback period of 2.4 years from first production. The project generates life of mine EBITDA of US\$527m and an after-tax free cash flow of US\$328m (Figures 8-9, Table 1).

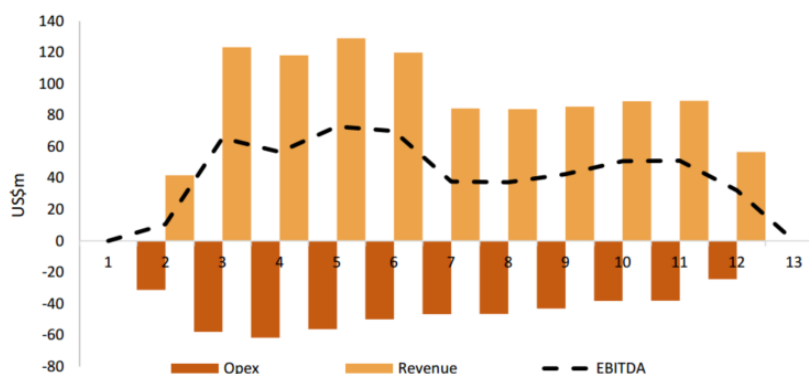


Figure 8: Life of Mine EBITDA

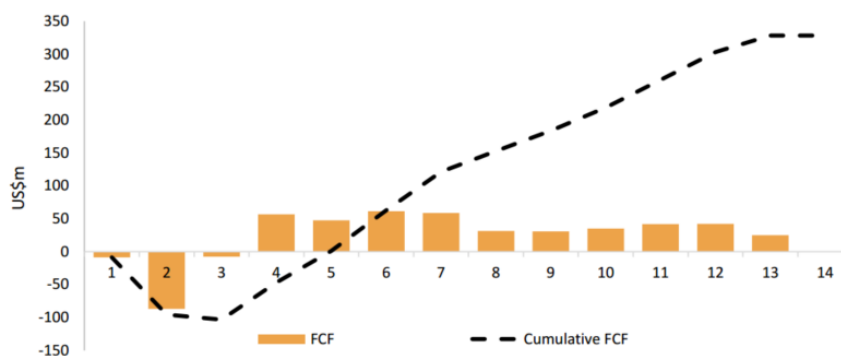


Figure 9: Life of Mine Cumulative Cashflow

### Further Commercial Opportunities

Minor silver is present in the ore but has been not accurately quantified during the resource estimation. Additional investigation of the leach kinetics may see a small but significant contribution to the revenue line.

Testwork to investigate the potential for producing commercial quality mica products is ongoing. This has the potential to provide significant cashflows for a small cost and little additional processing. Quality of the product and marketing will be key to unlocking this potential.

### Construction Schedule

The timeline in the DFS assumes commencement of construction upon securing project financing although some aspects may commence prior. The timing of the disbursement of any funds from a possible project financing may be delayed by the developing Covid19 pandemic and its impact on global market volatility but the DFS provides for a construction period of 23 months due to several long lead items. The Company considers this to be a conservative estimate and Wave has identified several opportunities and strategies which may reasonably be expected to reduce the cost and construction time.

#### Opportunities to improve costs and construction schedule

The DFS provides a conservative and robust plan to bring the gold project into production. Big River believes there are several areas in which opportunities to improve the project economics in terms of both construction time and capital and operating costs should be considered (Refer to Sections 1.2 and 1.26.2 of the DFS Volume 1 appended to this announcement). These include but are not limited to:

- Changing the nature of inclusion of key sections such as the crushing circuit – employing contractor or BOOT style contracts to reduce capital expenditure and development timeline by several months.
- Direct employment of Project Directors as part of the implementation process;
- Continued testwork to investigate using a ceramic disk filter rather than the standard belt filters to improve operating efficiencies and costs.
- Commence certain pre-production tasks prior to project financing using available funds to accelerate the timeline.



**SALE OF JURUENA GOLD PROJECT**

On 31 May 2019 the Company completed the sale agreement to sell its Juruena-Novo Astro Gold projects to Meteoric Resources NL (MEI). The consideration received consisted of the following:

*Upfront consideration*

- (1) \$1,000,000 cash at settlement.
- (2) \$500,000 of MEI shares, comprised of 50,000,000 shares at a deemed issue price of 1c each at settlement (subject to voluntary escrow for a period of 12 months from the date of issue).

*Contingent consideration*

- (3) \$750,000 of MEI shares at an issue price equal to a 5-day VWAP upon defining a mineral resource estimate in accordance with the JORC Code, at Juruena and/or Novo Astro containing at least 400,000 oz gold.
- (4) \$750,000 of MEI shares at an issue price equal to a 5-day VWAP upon the Board of Meteoric approving a decision to mine at Juruena and/or Novo Astro, pursuant to a granted mining licence.

The 50,000,000 MEI shares (Item 2) were released from escrow and sold for \$2,750,000 on 18 September 2019 (at 5.5c per share).

Given that there is some uncertainty regarding the conditions 3 and 4 above, the contingent consideration has not yet been recognised.

## DIRECTORS

The Directors of Big River Gold Limited (“the Parent Entity” or “Big River” or “the Company”), previously Crusader Resources Limited, and its controlled entities (“the consolidated entity” or “the Group”) submit herewith the annual financial report of the Group for the year ended 31 December 2019 (“the period”).

In order to comply with the provisions of the Corporations Act 2001 (Cth), the Directors report as follows:

### Information about the Directors

The names and particulars of the Board of Directors (“the Board”) of the Company during or since the end of the financial year are:

#### **Mr Stephen Copulos (Non-Executive Chairman) - Appointed 28 February 2019; Resigned 1 January 2020**

Mr Copulos has over 35 years of experience in a variety of businesses and investments in a wide range of industries, including manufacturing, mining, fast food, property development and hospitality. He has been the Managing Director of the Copulos Group of companies, a private investment group, since 1997. Mr Copulos is an active global investor who brings significant business acumen and greater diversity to the Board of Big River Gold. He has been a major shareholder of Big River for many years and is aligned to improving shareholder returns.

#### **Mr Andrew Richards – Appointed 28 February 2019 (Executive Director); Appointed 1 January 2020 (Executive Chairman)**

Mr Richards is a geologist with over 35 years of experience in the international mining industry which included company management and project finance. He has worked at a senior level in both production and exploration over a wide variety of areas and commodities, and has also undertaken technical review, project audits and monitored project construction. He is a member of AUSIMM and AIG. Mr Richards has worked extensively with gold, base metals, rare earths and industrial minerals in Australasia, Asia, Africa and South America. He is and has been on the boards of several listed companies on ASX and AIM and was previously Managing Director and CEO of two ASX listed companies operating in China.

#### **Mr Andrew Vickerman (Non-Executive Chairman) - Resigned 28 February 2019**

Mr Vickerman is an economist with a PhD in Economics from Cambridge University. He is currently a member of the Board of Trafigura Pte Ltd, an independent commodity trading and logistics house, and a director of DNi Technologies Pty Ltd, an Australian business that has developed technology for processing nickel laterite deposits. Mr Vickerman spent almost 20 years with Rio Tinto, the last 10 years as a member of the Executive Committee with responsibility for Global Communications and External Relations. He has also worked as a development economist, academic and economic advisor to government for the World Bank and other international agencies.

#### **Mr Marcus Engelbrecht (Managing Director) - Resigned 28 February 2019**

Mr Engelbrecht is a highly experienced resources industry executive, with previous roles including Managing Director and CEO of formerly AIM-quoted Archipelago Resources plc (2011-2013) and Chief Financial Officer of ASX and TSX listed OceanaGold Corporation. During his tenure at Archipelago Resources, Mr Engelbrecht took the company from construction to production, before it was ultimately acquired for approximately £340m. Mr Engelbrecht also spent 20 years at BHP Billiton, including as Chief Financial Officer of the group’s Diamond and Specialty Products division. Mr Engelbrecht was the Managing Director of London AIM-listed Stratex International PLC from September 2016 to November 2017.

#### **Mr Paul Stephen (Executive Director) - Resigned 30 January 2019**

Mr Stephen holds a Bachelor of Commerce from the University of Western Australia. He has more than 20 years of experience in the financial services industry, starting as a portfolio manager at Perpetual Trustees in 1992 and working subsequently as a Private Client Advisor with Porter Western and Macquarie Bank. Mr Stephen was a significant shareholder and Senior Client Advisor at Montagu Stockbrokers prior to their merger with Patersons Securities Ltd.

**Mr John Evans (Non-Executive Director) B.Comm (Hons), FCA, CPA, MAICD**

Mr Evans holds a Commerce (Hons) degree from the University of Queensland, is a Fellow of Chartered Accountants Australia & New Zealand and is a member of both CPA Australia and the Australian Institute of Company Directors.

Mr Evans is currently the Principal of a Business Broking and Advisory practice, and advises a broad range of businesses, in both the SME sector and larger corporate clients, on matters such as strategic planning, marketing, governance, and financial analysis. Prior to this, Mr. Evans held a series of executive positions in Finance and General Management in Australian public company groups over a 15 year period, in industries including telecommunications, banking and insurance, superannuation and funds management, media, hospitality and property development.

He has held several other non-executive directorships in Australian public companies, and is also a director of several private companies, one not-for-profit organisation, and provides board consulting services to three other company groups.

Mr Evans is Chairman of the Audit and Risk Committee and the Remuneration Committee.

**Mr John Cathcart (Non-Executive Director) – Appointed 1 January 2020**

Mr Cathcart has 30 years' experience in mining and mining investment analysis and extensive experience in the resources sector at a technical, corporate and financial level, working in gold, copper and nickel at several major operations. He made the successful transition to the financial sector and broking in 1994 where he established a very strong reputation with several brokers including Baillieu's, BT, HSBC and CommSec before running the Resources portfolio at Thorney Investments.

Mr Cathcart remains an investment manager at Thorney as well as a director of the recently established stockbroking firm Rawson Lewis.

Mr Cathcart is a member of both the Audit and Risk Committee and the Remuneration Committee.

**Mr Beau Nicholls (Non-Executive Director) – Appointed 1 January 2020**

Mr Nicholls is a geologist and project manager with over 25 years of international experience and has worked in over 20 countries including Australia, Eastern Europe, West Africa and South America and established a solid technical and practical base to operate in challenging environments.

Mr Nicholls has a wide technical and corporate management experience at a senior level in gold exploration and mining for both mining groups and international consulting groups. He spent 9 years working in Brazil and speaks Portuguese fluently.

Mr Nicholls is a member of both the Audit and Risk Committee and the Remuneration Committee.

**Andrew Beigel (Company Secretary) B.Comm, CPA**

Mr Beigel has more than 25 years of corporate experience across a range of industries and has held executive positions with other ASX listed companies in the resources sector. He has previously been involved in development and funding of projects and bankable feasibility studies. Mr Beigel is a member of CPA Australia.

**Shares and options issued during the financial period**

The Company issued 815,047,033 shares during the year at an average price of \$0.01 per share.

The Company issued 179,082,512 options (exercisable at \$0.02, expiring 30 June 2022) during the year.

Details of unissued shares under option at the date of this report are:

| No. shares under option | Class of shares under option | Exercise price (\$) | Expiry date of options |
|-------------------------|------------------------------|---------------------|------------------------|
| 75,377,144              | ordinary                     | 0.055               | 31-May-20              |
| 178,313,531             | ordinary                     | 0.02                | 30-Jun-22              |

The issuing entity for all ordinary shares under option is Big River Gold Limited.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company.

### 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 Big River Gold Limited are as follows:

| Director                   | Number of ordinary shares | Number of unlisted options |
|----------------------------|---------------------------|----------------------------|
| S. Copulos <sup>(1)</sup>  | 508,750,553               | 128,134,473                |
| A. Richards                | 14,500,000                | -                          |
| J. Evans                   | 1,200,000                 | -                          |
| J. Cathcart <sup>(2)</sup> | -                         | -                          |
| B. Nicholls <sup>(3)</sup> | -                         | -                          |

(1) Resigned 1 January 2020

(2) Appointed 1 January 2020

(3) Appointed 1 January 2020

### Dividends

The Directors do not recommend that a dividend be paid. No dividend has been paid by the Company (2018: Nil).

### Principal activities

The principal activity of the Group during the financial period was mineral exploration and evaluation in Brazil.

### Functional currency

For the purposes of the financial statements, the results and financial position of the Group are expressed in Australian Dollars ("A\$"), which is the functional currency of the Group and the presentation currency of the financial statements.

## CORPORATE

During the year the Group raised \$5,837,473 (before costs) through the issue of 558,747,301 ordinary shares.

### Operating results for the period

The Group's operating loss after income tax for the period was \$2,037,513 (December 2018: loss of \$14,106,714). The Group's basic loss per share for the year from continuing and discontinuing operations was 0.23 cents (December 2018: loss per share of 3.14 cents).

### Liquidity and Capital Resources

The Consolidated Statement of Cash Flows illustrates that there was an increase in cash and cash equivalents in the year ended 31 December 2019 of \$3,924,866 before foreign exchanges impacts (December 2018: decrease of \$2,065,057). The cash increase was largely a result of funds received from borrowings and capital raisings exceeding payments for the Borborema DFS, exploration and general overheads.

### Risk management

The Group takes a proactive approach to risk management. The Audit and Risk Committee is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

**Significant changes in the state of affairs**

The state of affairs of the Group was not affected by any significant changes during the financial period not otherwise stated in the report.

**Environmental regulation and performance**

The Group's activities are subject to environmental regulations under Brazil federal and state legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

**Significant events after the balance date**

Following balance date the Company reviewed its board composition and succession planning and implemented the following changes:

On 1 January 2020:

- Mr Stephen Copulos retired as Non-executive Chairman and was replaced by Mr Andrew Richards as Executive Chairman;
- Mr Beau Nicholls and Mr John Cathcart were appointed as Non-executive Directors.

On 2 March 2020 the Company appointed Mr Luis Pablo Carlin Diaz as Vice President, Operations, for the wholly owned Borborema project and based in Brazil.

On 20 March 2020 the Company issued 768,981 Shares for the conversion of Options (exercisable at \$0.02, expiring 30 June 2021) which raised \$15,379.

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The Group considers this to be a non-adjusting post balance sheet event.

This has had a negative impact on the operations of the Group. The Group's operations are located in Brazil and travel by management and consultants from Australia is currently not possible due to the mandatory government suspension of all international travel to contain the spread of the epidemic.

As the situation remains fluid (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

**Future developments**

The Group will continue to focus on mineral exploration and development opportunities.

**Indemnification and insurance of officers and auditors**

During the financial year, the Group indemnified each of the Directors against all liabilities incurred by them as Directors of the Company (and subsidiary companies) and all legal expenses incurred by them as Directors of the Company (and subsidiary companies).

The indemnification is subject to various specific exclusions and limitations.

The Company provided Directors' and Officers' liability insurance during the year.

The Company did not provide any insurance or indemnification for the auditors of the Group.

## Remuneration Report - audited

This remuneration report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (Cth) and its regulations. For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Company.

### Directors and Key Management Personnel

The following persons acted as Directors and/or Key Management Personnel of the Group during or since the end of the financial year:

|                   |   |
|-------------------|---|
| Mr S. Copulos     | Chairman (Non-Executive) – appointed 28 February 2019, resigned 1 January 2020                        |
| Mr A. Vickerman   | Chairman (Non-Executive) – resigned 28 February 2019  |
| Mr M. Engelbrecht | Managing Director – resigned 28 February 2019   |
| Mr P. Stephen     | Director (Executive) – resigned 30 January 2019   |
| Mr A. Richards    | Director (Executive) – appointed 28 February 2019;<br>Chairman (Executive) – appointed 1 January 2020 |
| Mr J. Evans       | Director (Non-Executive)  |
| Mr B. Nicholls    | Director (Non-Executive) – appointed 1 January 2020   |
| Mr J. Cathcart    | Director (Non-Executive) – appointed 1 January 2020   |
| Mr A. Beigel      | Chief Financial Officer and Company Secretary   |
| Mr J. Nery        | Country Manager – resigned 20 January 2020  |
| Ms D. Uchoa Lima  | Country Manager – appointed 1 January 2020  |
| Mr P. Diaz        | Vice President, Operations – appointed 2 March 2020   |

### Remuneration policy

The remuneration policy of the Group is to ensure that remuneration packages of Directors and other Key Management Personnel properly reflect the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating Directors and other Key Management Personnel of the Group. As part of the remuneration policy the Group issues incentive options to Directors and other Key Management Personnel. Apart from Non-Executive Directors, these options may require achieving specific performance targets as a condition of vesting.

The aggregate sum available for remuneration of Non-Executive Directors is currently \$460,000 per annum as approved at a General Meeting of shareholders on 19 May 2016.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five most recent financial periods ending 31 December 2019:

|                                       | 31 Dec 2019<br>\$ | 31 Dec 2018<br>\$ | 31 Dec 2017<br>\$ | 31 Dec 2016<br>\$ | 31 Dec 2015<br>\$ |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue <sup>(1)</sup>                | -                 | -                 | 1,622,246         | 6,179,204         | 7,316,149         |
| Net loss before tax <sup>(1)(2)</sup> | 2,037,513         | 14,106,714        | 4,919,210         | 8,340,951         | 7,018,064         |
| Net loss after tax <sup>(1)(2)</sup>  | 2,037,513         | 14,106,714        | 4,881,024         | 8,584,038         | 7,315,075         |

|  | 31 Dec 2019<br>cents | 31 Dec 2018<br>cents | 31 Dec 2017<br>cents | 31 Dec 2016<br>cents | 31 Dec 2015<br>cents |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Share price at start of period           | 2.0                  | 7.1                  | 11.5                 | 12.5                 | 22.0                 |
| Share price at end of period             | 2.0                  | 2.0                  | 7.1                  | 11.5                 | 12.5                 |
| Interim dividend                         | -                    | -                    | -                    | -                    | -                    |
| Final dividend                           | -                    | -                    | -                    | -                    | -                    |
| Basic loss per share <sup>(1)(2)</sup>   | 0.23                 | 3.14                 | 1.62                 | 3.78                 | 4.69                 |
| Diluted loss per share <sup>(1)(2)</sup> | 0.23                 | 3.14                 | 1.62                 | 3.78                 | 4.69                 |

(1) From continuing and discontinued operations

(2) Restated for change in accounting policy

**Remuneration Report - audited (continued)****Bonuses and share-based payments granted as compensation for the current financial year**

The Company received approval for the introduction of an employee share option scheme (the Plan) in 2008. The plan was last re-approved at a meeting of shareholders on 12 May 2017, the details of which are set out below. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. The Options can only be issued to Employees or Officers of the Company and its subsidiaries.
2. Each Option entitles the holder, on exercise, to one fully paid ordinary Share in the Company.
3. Shares issued on exercise of Options will rank equally with other fully paid ordinary Shares of the Company.
4. The exercise price and expiry date for the Options will be as determined by the Board (in its discretion) on or before the date of issue.
5. The maximum number of Options that can be issued under the Plan is not to be in excess of 5% of the total number of Shares on issue.
6. An Option may only be exercised after that Option has vested, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an Option the Board may, in its absolute discretion, impose other conditions on the exercise of an Option.
7. An Option will lapse upon the first to occur of its expiry date, the holder acting fraudulently or dishonestly in relation to the Company or related entities, or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.
8. Upon an Optionholder ceasing to be a Director, employee or officer of the Company and its subsidiaries, whether by termination or otherwise, the Optionholder has 45 days from the day of termination, or otherwise, to exercise their Options before their Options lapse.
9. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur), then the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
10. Options may not be transferred other than in cases where the Options have vested, are within six months of the expiry date of the Options, and the Options are transferred to an Associate of the Optionholder. Quotation of Options on the ASX will not be sought. However, the Company will apply to the ASX for official quotation of Shares issued on the exercise of Options.
11. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least six ASX Business Days after the issue is announced.
12. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each Optionholder holding any Options which have not expired at the time of the Record Date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe pursuant to the exercise of those Options immediately before the Record Date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
13. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Option holder is entitled, or the exercise price of his or her Options, or both, or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.



**Remuneration Report - audited (continued)**

As at end of the financial year, the following share-based payments were in existence and had been issued as compensation:

| Options series                        | Grant date  | Exercise Price<br>\$ | Expiry date | Grant date fair value<br>\$ | Vesting date |
|---------------------------------------|-------------|----------------------|-------------|-----------------------------|--------------|
| 45. Issued 30 May 2018 <sup>(1)</sup> | 30-May-2018 | 0.30                 | 30-Nov-2022 | 0.0089                      | 30-Nov-2022  |
| 46. Issued 30 May 2018 <sup>(1)</sup> | 30-May-2018 | 0.30                 | 30-Nov-2022 | 0.0089                      | 30-Nov-2022  |
| 47. Issued 30 May 2018 <sup>(1)</sup> | 30-May-2018 | 0.30                 | 30-Nov-2022 | 0.0089                      | 30-Nov-2022  |

(1) Where the recipient employee ceases service with the Group prior to vesting date, under item 8 of the Plan, they have 45 days from the date of cessation of services to exercise their options before their options are deemed to have lapsed.

**Key terms of employment contracts**

Marcus Engelbrecht (resigned 28 February 2019) was contracted as the Managing Director of the Group.

Remuneration was as follows:

- salary package of US\$360,000 per annum inclusive of base salary, superannuation contributions, taxes and non cash benefits
- 20 days' annual leave per annum and statutory long service leave entitlements
- 6 months' notice period

Paul Stephen (resigned 30 January 2019) was engaged as an Executive Director.

Remuneration was as follows:

- gross base salary of \$350,000 per annum plus statutory superannuation
- 20 days' annual leave per annum and statutory long service leave entitlements
- 3 months' notice period

Andrew Richards (appointed 28 February 2019) is engaged as an Executive Chairman (from 1 January 2020).

Remuneration is as follows:

- gross base salary of \$150,000 per annum inclusive of statutory superannuation
- 5,000,000 fully paid ordinary shares issued for no cash subscription
- 20 days' annual leave per annum
- 3 months' notice period

Andrew Beigel is employed as the Chief Financial Officer and Company Secretary.

Remuneration is as follows:

- gross base salary of \$170,000 per annum plus statutory superannuation
- 20 days' annual leave per annum and statutory long service leave entitlements
- 3 months' notice period

Julio Nery (resigned 20 January 2020) was engaged as Country Manager.

Remuneration was as follows:

- Gross salary BRL693,951 per annum
- 20 days' annual leave per annum
- 3 months' notice period

Diana Uchoa Torres Lima (appointed 1 January 2020) is engaged as Country Manager.

Remuneration is as follows:

- Gross salary BRL240,000 per annum
- 20 days' annum leave per annum
- 3 months' notice period

Pablo Diaz (appointed 3 March 2020) is engaged as Vice President, Operations.

Remuneration is as follows:

- Gross salary BRL750,000 per annum increasing to BRL850,000 upon securement of Project Finance
- 2 month notice period

**Remuneration Report - audited (continued)**

Remuneration of Directors and Key Management Personnel for the year ended 31 December 2019 and comparatives are shown over the next two pages:

Remuneration of Directors and Key Management Personnel for the year ended 31 December 2019:

|   | Short-term employee benefits |                |            | Post emp. benefits | Share-based payments | Total          | Value of share based payment as proportion of remuneration | Proportion of remuneration performance related |
|---|------------------------------|----------------|------------|--------------------|----------------------|----------------|--|--|
|   | Salary & Fees                | Other benefits | Cash bonus | Super-annuation    | Ordinary Shares      |                |  |  |
|   | \$                           | \$             | \$         | \$                 | \$                   | \$             | %  | %  |
| <b>Directors</b>                                    |                              |                |            |                    |                      |                |  |  |
| <b>S. Copulos<sup>1</sup></b>                       |                              |                |            |                    |                      |                |  |  |
| 28 February to 31 Dec 2019                          | 41,667                       | -              | -          | -                  | -                    | <b>41,667</b>  | 0%   | 0%   |
| <b>A. Vickerman<sup>2</sup></b>                     |                              |                |            |                    |                      |                |  |  |
| 1 January to 28 Feb 2019                            | 20,000                       | -              | -          | -                  | -                    | <b>20,000</b>  | 0%   | 0%   |
| <b>A. Richards<sup>3</sup></b>                      |                              |                |            |                    |                      |                |  |  |
| 28 February to 31 Dec 2019                          | 41,667                       | -              | -          | -                  | 50,000               | <b>91,677</b>  | 55%  | 0%   |
| <b>P. Stephen<sup>4</sup></b>                       |                              |                |            |                    |                      |                |  |  |
| 1 January to 30 January 2019                        | 29,167                       | -              | -          | 1,711              | -                    | <b>30,878</b>  | 0%   | 0%   |
| <b>J. Evans</b>                                     |                              |                |            |                    |                      |                |  |  |
| 12 months to 31 Dec 2019                            | 61,677                       | -              | -          | 2,850              | -                    | <b>64,517</b>  | 0%   | 0%   |
| <b>M. Engelbrecht<sup>5</sup></b>                   |                              |                |            |                    |                      |                |  |  |
| 1 January to 28 Feb 2019                            | 85,040                       | -              | -          | -                  | -                    | <b>64,517</b>  | 0%   | 0%   |
| <b>Total Directors</b>                              |                              |                |            |                    |                      |                |  |  |
| <b>12 months to 31 Dec 2019</b>                     | <b>279,207</b>               | <b>-</b>       | <b>-</b>   | <b>4,561</b>       | <b>50,000</b>        | <b>333,768</b> | <b>15%</b>   | <b>15%</b>                                     |
| <b>Key Management Personnel</b>                     |                              |                |            |                    |                      |                |  |  |
| <b>A. Beigel</b>                                    |                              |                |            |                    |                      |                |  |  |
| 12 months to 31 Dec 2019                            | 170,000                      | -              | -          | 16,150             | -                    | <b>186,150</b> | 0%   | 0%   |
| <b>J. Nery<sup>6</sup></b>                          |                              |                |            |                    |                      |                |  |  |
| 12 months to 31 Dec 2019                            | 253,153                      | -              | -          | -                  | -                    | <b>253,153</b> | 0%   | 0%   |
| <b>Total Key Management Personnel</b>               |                              |                |            |                    |                      |                |  |  |
| <b>12 months to 31 Dec 2019</b>                     | <b>423,153</b>               | <b>-</b>       | <b>-</b>   | <b>16,150</b>      | <b>-</b>             | <b>439,303</b> | <b>0%</b>  | <b>0%</b>                                      |
| <b>Total Directors and Key Management Personnel</b> |                              |                |            |                    |                      |                |  |  |
| <b>12 months to 31 Dec 2019</b>                     | <b>702,361</b>               | <b>-</b>       | <b>-</b>   | <b>20,711</b>      | <b>50,000</b>        | <b>773,072</b> | <b>6%</b>  | <b>6%</b>                                      |

(1) Mr S. Copulos was appointed 28 February 2019; resigned 1 January 2020.

(2) Mr A. Vickerman resigned 28 February 2019.

(3) Mr A. Richards was appointed 28 February 2019.

(4) Mr P. Stephen resigned 30 January 2019.

(5) Mr M. Engelbrecht resigned 28 February 2019.

(6) Mr J. Nery resigned 20 January 2020.

**Remuneration Report – audited (continued)**

Remuneration of Directors and Key Management Personnel for the year ended 31 December 2018:

|   | Short-term employee benefits |                |            | Post emp. benefits | Share-based payments | Total            | Value of options as proportion of remuneration | Proportion of remuneration performance related |
|---|------------------------------|----------------|------------|--------------------|----------------------|------------------|--|--|
|   | Salary & Fees                | Other benefits | Cash bonus | Super-annuation    | Options              |                  |  |  |
|   | \$                           | \$             | \$         | \$                 | \$                   | \$               | %  | %  |
| <b>Directors</b>                                    |                              |                |            |                    |                      |                  |  |  |
| <b>S. Copulos<sup>1</sup></b>                       |                              |                |            |                    |                      |                  |  |  |
| 1 January to 17 April 2018                          | 35,667                       | -              | -          | -                  | -                    | <b>35,667</b>    | 0%   | 0%   |
| <b>A. Vickerman<sup>2</sup></b>                     |                              |                |            |                    |                      |                  |  |  |
| 16 April 2018 to 31 Dec 2018                        | 84,767                       | -              | -          | -                  | -                    | <b>84,767</b>    | 0%   | 0%   |
| <b>P. Stephen</b>                                   |                              |                |            |                    |                      |                  |  |  |
| 12 months to 31 Dec 2018                            | 350,000                      | -              | -          | 19,657             | -                    | <b>369,657</b>   | 0%   | 0%   |
| <b>J. Evans</b>                                     |                              |                |            |                    |                      |                  |  |  |
| 12 months to 31 Dec 2018                            | 60,833                       | -              | -          | 2,890              | -                    | <b>63,723</b>    | 0%   | 0%   |
| <b>M. Ferreira<sup>3</sup></b>                      |                              |                |            |                    |                      |                  |  |  |
| 1 January to 16 April 2018                          | 21,288                       | -              | -          | -                  | -                    | <b>21,288</b>    | 0%   | 0%   |
| <b>J. Rogers<sup>4</sup></b>                        |                              |                |            |                    |                      |                  |  |  |
| 1 January to 16 April 2018                          | 17,667                       | -              | -          | -                  | -                    | <b>17,677</b>    | 0%   | 0%   |
| <b>M. Engelbrecht</b>                               |                              |                |            |                    |                      |                  |  |  |
| 12 months to 31 Dec 2018                            | 481,348                      | -              | -          | -                  | 20,625               | <b>501,973</b>   | 4%   | 4%   |
| <b>Total Directors</b>                              |                              |                |            |                    |                      |                  |  |  |
| <b>12 months to 31 Dec 2018</b>                     | <b>1,051,569</b>             | <b>-</b>       | <b>-</b>   | <b>22,547</b>      | <b>20,625</b>        | <b>1,094,741</b> | <b>2%</b>                                      | <b>2%</b>                                      |
| <b>Key Management Personnel</b>                     |                              |                |            |                    |                      |                  |  |  |
| <b>A. Beigel</b>                                    |                              |                |            |                    |                      |                  |  |  |
| 12 months to 31 Dec 2018                            | 176,538                      | -              | -          | 16,771             | -                    | <b>193,309</b>   | 0%   | 0%   |
| <b>J. Nery</b>                                      |                              |                |            |                    |                      |                  |  |  |
| 12 months to 31 Dec 2018                            | 241,695                      | -              | -          | -                  | -                    | <b>241,695</b>   | 0%   | 0%   |
| <b>Total Key Management Personnel</b>               |                              |                |            |                    |                      |                  |  |  |
| <b>12 months to 31 Dec 2018</b>                     | <b>418,233</b>               | <b>-</b>       | <b>-</b>   | <b>16,771</b>      | <b>-</b>             | <b>435,004</b>   | <b>0%</b>                                      | <b>0%</b>                                      |
| <b>Total Directors and Key Management Personnel</b> |                              |                |            |                    |                      |                  |  |  |
| <b>12 months to 31 Dec 2018</b>                     | <b>1,469,802</b>             | <b>-</b>       | <b>-</b>   | <b>39,318</b>      | <b>20,625</b>        | <b>1,529,745</b> | <b>1%</b>                                      | <b>1%</b>                                      |

(1) Mr S. Copulos resigned 17 April 2018.

(2) Mr A. Vickerman was appointed 16 April 2018; resigned 28 February 2019.

(3) Mr M. Ferreira resigned 16 April 2018.

(4) Mr J. Rogers resigned 16 April 2018.

**Remuneration Report – audited (continued)****Compensation options granted and vested during the period (consolidated)**

No compensation options issued to Directors and Key Management Personnel “KMP” vested during the year ended 31 December 2019 (2018: nil).

**Shares issued on Exercise of Compensation Options**

During the year, no Directors or Key Management Personnel exercised options that were granted to them as part of their compensation (2018: nil).

**Value of options issued to Key Management Personnel**

During the current financial period there were no options granted (2018: 17,622,977) to Directors and Key Management Personnel related to share-based payments compensation. No options granted to Directors or Key Management Personnel were exercised during the year. Details of options granted to Directors or Key Management Personnel as part of remuneration which lapsed during the year are included in the table below. In the prior year 4,885,000 options lapsed and no options were forfeited.

**Options holdings of Directors and Key Management Personnel (“KMP”)**

|                             | Balance at<br>1 Jan 19 | Granted as<br>remunera-<br>tion | Options<br>lapsed   | Net Other<br>Changes | Balance at<br>31 Dec 19 | Not vested<br>and not<br>exercisable<br>at 31 Dec 19 | Vested and<br>exercisable at<br>31 Dec 19 | Options<br>vested during<br>the period |
|-----------------------------|------------------------|---------------------------------|---------------------|----------------------|-------------------------|--|---|--|
| <b>Directors</b>            |                        |                                 |                     |                      |                         |  |   |  |
| S. Copulos                  | 18,134,472             | -                               | -                   | 110,000,001          | 128,134,473             | -  | 128,134,473                               | 100,000,001                            |
| A. Vickerman <sup>1</sup>   | 832,854                | -                               | -                   | -                    | 832,854                 | -  | 832,854                                   | -                                      |
| P. Stephen <sup>2</sup>     | -                      | -                               | -                   | -                    | -                       | -  | -   | -                                      |
| J. Evans                    | -                      | -                               | -                   | -                    | -                       | -  | -   | -                                      |
| M. Engelbrecht <sup>3</sup> | 18,213,654             | -                               | (17,622,977)        | -                    | 590,677                 | -  | 590,677                                   | -                                      |
| A. Richards                 | -                      | -                               | -                   | -                    | -                       | -  | -   | -                                      |
| <b>KMP</b>                  |                        |                                 |                     |                      |                         |  |   |  |
| A. Beigel                   | -                      | -                               | -                   | 633,334              | 633,334                 | -  | 633,334                                   | 633,334                                |
| J. Nery                     | -                      | -                               | -                   | -                    | -                       | -  | -   | -                                      |
| <b>Total</b>                | <b>37,180,980</b>      | <b>-</b>                        | <b>(17,622,977)</b> | <b>110,633,335</b>   | <b>130,191,338</b>      | <b>-</b>   | <b>130,191,338</b>                        | <b>110,633,335</b>                     |

|                  | Balance at<br>1 Jan 18 | Granted as<br>remunera-<br>tion | Options<br>lapsed  | Net Other<br>Changes | Balance at<br>31 Dec 18 | Not vested<br>and not<br>exercisable<br>at 31 Dec 18 | Vested and<br>exercisable at<br>31 Dec 18 | Options<br>vested during<br>the period |
|------------------|------------------------|---------------------------------|--------------------|----------------------|-------------------------|--|---|--|
| <b>Directors</b> |                        |                                 |                    |                      |                         |  |   |  |
| S. Copulos       | 500,000                | -                               | (500,000)          | 18,134,472           | 18,134,472              | -  | 18,134,472                                | 18,134,472                             |
| A. Vickerman     | -                      | -                               | -                  | 832,854              | 832,854                 | -  | 832,854                                   | 832,854                                |
| P. Stephen       | 500,000                | -                               | (500,000)          | -                    | -                       | -  | -   | -                                      |
| J. Evans         | 330,000                | -                               | (330,000)          | -                    | -                       | -  | -   | -                                      |
| J. Rogers        | 3,000,000              | -                               | (3,000,000)        | -                    | -                       | -  | -   | -                                      |
| M. Engelbrecht   | -                      | 17,622,977                      | -                  | 590,677              | 18,213,654              | 17,622,977   | 590,677                                   | 590,677                                |
| M. Ferreira      | 330,000                | -                               | (330,000)          | -                    | -                       | -  | -   | -                                      |
| <b>KMP</b>       |                        |                                 |                    |                      |                         |  |   |  |
| A. Beigel        | 225,000                | -                               | (225,000)          | -                    | -                       | -  | -   | -                                      |
| J. Nery          | -                      | -                               | -                  | -                    | -                       | -  | -   | -                                      |
| <b>Total</b>     | <b>4,885,000</b>       | <b>17,622,977</b>               | <b>(4,885,000)</b> | <b>19,558,003</b>    | <b>37,180,980</b>       | <b>17,622,977</b>                                    | <b>19,558,003</b>                         | <b>19,558,003</b>                      |

(1) Mr A. Vickerman resigned 28 February 2019.

(2) Mr P. Stephen resigned 30 January 2019.

(3) Mr M. Engelbrecht resigned 28 February 2019.

(4) Mr A. Richards was appointed 28 February 2019.

**Remuneration Report – audited (continued)****Share holdings of Directors and Key Management Personnel (“KMP”)**

|                             | Balance at<br>1 Jan 19 | Shares issued<br>on exercise of<br>options | Shares<br>Purchased | Net Other<br>Changes | Shares<br>Sold | Balance at<br>31 Dec 19 |
|-----------------------------|------------------------|--|---------------------|----------------------|----------------|-------------------------|
| <b>Directors</b>            |                        |  |                     |                      |                |                         |
| S. Copulos <sup>1</sup>     | 104,771,102            | -  | 153,879,719         | 250,099,732          | -              | 508,750,553             |
| A. Vickerman <sup>2</sup>   | 1,665,709              | -  | -                   | -                    | -              | 1,665,709               |
| M. Engelbrecht <sup>3</sup> | 2,721,354              | -  | -                   | -                    | -              | 2,721,354               |
| P. Stephen <sup>4</sup>     | 3,543,780              | -  | -                   | -                    | -              | 3,543,780               |
| A. Richards <sup>5</sup>    | -                      | -  | 9,500,000           | 5,000,000            | -              | 14,500,000              |
| J. Evans                    | -                      | -  | -                   | 1,200,000            | -              | 1,200,000               |
| <b>KMP</b>                  |                        |  |                     |                      |                |                         |
| A. Beigel                   | 308,458                | -  | 1,900,000           | -                    | -              | 2,208,458               |
| J. Nery                     | -                      | -  | -                   | -                    | -              | -                       |
| <b>Total</b>                | <b>113,010,403</b>     | <b>-</b>                                   | <b>165,279,719</b>  | <b>256,299,732</b>   | <b>-</b>       | <b>534,589,854</b>      |

|                  | Balance at<br>1 Jan 18 | Shares issued<br>on exercise of<br>options | Shares<br>Purchased | Net Other<br>Changes | Shares<br>Sold | Balance at<br>31 Dec 18 |
|------------------|------------------------|--|---------------------|----------------------|----------------|-------------------------|
| <b>Directors</b> |                        |  |                     |                      |                |                         |
| S. Copulos       | 62,348,312             | -  | 42,422,790          | -                    | -              | 104,771,102             |
| A. Vickerman     | -                      | -  | 1,665,709           | -                    | -              | 1,665,709               |
| M. Engelbrecht   | -                      | -  | 2,721,354           | -                    | -              | 2,721,354               |
| P. Stephen       | 3,543,780              | -  | -                   | -                    | -              | 3,543,780               |
| J. Evans         | -                      | -  | -                   | -                    | -              | -                       |
| M. Ferreira      | -                      | -  | -                   | -                    | -              | -                       |
| J. Rogers        | 206,000                | -  | -                   | -                    | -              | 206,000                 |
| <b>KMP</b>       |                        |  |                     |                      |                |                         |
| A. Beigel        | 308,458                | -  | -                   | -                    | -              | 308,458                 |
| J. Nery          | -                      | -  | -                   | -                    | -              | -                       |
| <b>Total</b>     | <b>66,406,550</b>      | <b>-</b>                                   | <b>46,809,853</b>   | <b>-</b>             | <b>-</b>       | <b>113,216,403</b>      |

- (1) Mr S. Copulos resigned 1 January 2020.
- (2) Mr A. Vickerman resigned 28 February 2019.
- (3) Mr M. Engelbrecht resigned 28 February 2019.
- (4) Mr P. Stephen resigned 30 January 2019.
- (5) Mr A. Richards was appointed 28 February 2019.

**Convertible note holdings of Directors and Key Management Personnel**

During the year related parties of Mr Stephen Copulos converted \$2,400,000 of Convertible Notes held with the Company plus accrued interest. The conversion was completed in April 2019 (\$900,000) and September 2019 (\$1,500,000) in accordance with the terms of the Convertible Notes and at the price of \$0.01 per share.

**Loans to Directors and Key Management Personnel**

There were no loans to any Directors or Key Management Personnel during the year (2018: nil).

**Specific transactions with Directors and Key Management Personnel**

There were no transactions with any Directors or Key Management Personnel that were more favourable than those available, or which might reasonably be expected to be available, to non-related parties on an arm's length basis.

This ends the audited Remuneration Report.

### Directors' benefits

No Director of the Company has received, or become entitled to receive, any benefit because of a contract that the Director, or a firm of which the Director is a member, or an entity in which the Director has substantial financial interest, made with the Company, or with an entity that the Company controlled, or with a body corporate that was related to the Company, other than the benefits included in the aggregate amount of emoluments received, or due and receivable, by the Directors and disclosed in Note 7 to the Financial Statements.

### Corporate governance

In recognising the need for high standards of corporate behaviour and accountability, the Directors support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council.

The Company's corporate governance policies are all available on the Company's website at [www.bigrivergold.com.au](http://www.bigrivergold.com.au).

### Committee memberships

The Company maintains an Audit and Risk Committee and a Remuneration Committee which consist of the following Directors:

| Audit and Risk Committee | Remuneration Committee |
|--------------------------|------------------------|
| J. Evans (Chairman)      | J. Evans (Chairman)    |
| J. Cathcart              | J. Cathcart            |
| B. Nicholls              | B. Nicholls            |

### Meetings of Directors

The number of Directors' meetings held during the financial year and the numbers of meetings attended by each Director were:

| Directors      | Directors' meetings |          | Remuneration Committee meetings |          | Audit and Risk Committee meetings |          |
|----------------|---------------------|----------|---------------------------------|----------|-----------------------------------|----------|
|                | Eligible            | Attended | Eligible                        | Attended | Eligible                          | Attended |
| S. Copulos     | 6                   | 6        | -                               | -        | 1                                 | 1        |
| A. Richards    | 6                   | 6        | -                               | -        | -                                 | -        |
| J. Evans       | 13                  | 12       | -                               | -        | 1                                 | 1        |
| A. Vickerman   | 7                   | 7        | -                               | -        | -                                 | -        |
| M. Engelbrecht | 7                   | 7        | -                               | -        | -                                 | -        |
| P. Stephen     | 2                   | 1        | -                               | -        | -                                 | -        |

### Auditor's independence

The auditor's independence declaration for the financial year ended 31 December 2019 has been received and is to be found on page 72.

### Non-audit services

No non-audit services were provided by the entity's auditor, Deloitte Touche Tomatsu, and no fees were paid or are payable to Deloitte Touch Tohmatsu for non-audit services for the financial year ended 31 December 2019.

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

*On behalf of the directors*



Andrew Richards  
**Executive Chairman**  
 Perth, 31 March 2020

## Competent Person Statement

### ***Borborema mineral resource estimate***

*The information in this report that relates to the mineral resource estimate for the Borborema Project was first reported in accordance with ASX Listing Rule 5.8 on 24 July 2017. Big River Gold (previously Crusader Resources Limited) confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24 July 2017 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.*

### ***Borborema ore reserve estimate***

*The information in this announcement that relates to the Ore Reserve estimate for the Borborema Gold Project was first reported in accordance with ASX Listing Rule 5.9 on 6 March 2018, 29 March 2018 and 11 April 2018.*

*The Ore Reserve that was included in the Stage 1 Mining Schedule for the December 2019 Definitive Feasibility Study (DFS) is based on and fairly represents information compiled by Porfirio Cabaleiro Rodriguez, BSc. (MEng), MAIG. Mr. Cabaleiro is employed by GE21 and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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. The Project's design, optimisation and scheduling for Stage 1 was undertaken by GE21 in December 2019. Mr Rodriguez is a member of the Australian Institute of Geoscientists and consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

|   | Note | Consolidated       |                     |
|---|------|--------------------|---------------------|
|   |      | Dec<br>2019<br>\$  | Dec<br>2018<br>\$   |
| <b>Continuing operations</b>  |      |                    |                     |
| <b>Gross Profit</b>   |      | -                  | -                   |
| Other income  | 3    | 313,959            | 160,744             |
| Fair value gain on equity investment at FVPL                                      | 11   | 2,250,000          | -                   |
| Administration  |      | (586,361)          | (1,141,143)         |
| Corporate expenses  | 3    | (2,136,710)        | (4,464,440)         |
| Finance costs   | 3    | (396,020)          | (469,994)           |
| Depreciation and amortisation   | 3    | (38,294)           | (31,331)            |
| Exploration and evaluation  | 3    | (21,860)           | (49,501)            |
| Unrealised foreign exchange (loss)/gain   |      | (48,896)           | (103,535)           |
| Other expenses from ordinary activities   |      | (952,661)          | (20,625)            |
| <b>Loss before income tax</b>   |      | <b>(1,616,843)</b> | <b>(6,119,825)</b>  |
| Income tax (expense)/benefit  | 5    | -                  | -                   |
| <b>Net loss from continuing operations</b>  |      | <b>(1,616,843)</b> | <b>(6,119,825)</b>  |
| <b>Discontinued Operations</b>  |      |                    |                     |
| Net profit/(loss) from discontinued operations                                    | 23   | (420,670)          | (7,986,889)         |
| <b>Net loss for the year</b>  |      | <b>(2,037,513)</b> | <b>(14,106,714)</b> |
| <b>Other comprehensive income</b>   |      |                    |                     |
| <b>Items that may be reclassified subsequently to profit or loss</b>              |      |                    |                     |
| Exchange differences arising on translation of foreign operations                 |      | (127,207)          | (908,638)           |
| Net fair value (loss) on available-for-sale assets taken to equity                |      | -                  | -                   |
| <b>Other comprehensive (loss)/income for the year, net of income tax</b>          |      | <b>(127,207)</b>   | <b>(908,638)</b>    |
| <b>Total comprehensive loss for the year attributable to owners of the parent</b> |      | <b>(2,164,720)</b> | <b>(15,015,352)</b> |
| <b>Loss per share from continuing operations</b>                                  |      |                    |                     |
| Basic (cents per share)   | 18   | (0.18)             | (1.35)              |
| Diluted (cents per share)   | 18   | (0.18)             | (1.35)              |
| <b>Loss per share from continuing and discontinued operations</b>                 |      |                    |                     |
| Basic (cents per share)   | 18   | (0.23)             | (3.14)              |
| Diluted (cents per share)   | 18   | (0.23)             | (3.14)              |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

|   | Note  | Consolidated<br>Dec<br>2019<br>\$ | Dec<br>2018<br>\$ |
|---|-------|-----------------------------------|-------------------|
| <b>Current Assets</b>   |       |                                   |                   |
| Cash and cash equivalents   | 24(a) | 4,313,096                         | 432,228           |
| Trade and other receivables   | 10    | 150,207                           | 88,428            |
| Other current assets  |       | 439,698                           | 239,798           |
| Assets classified as held for sale                                      | 23    | -                                 | 1,535,587         |
| <b>Total Current Assets</b>   |       | <b>4,903,001</b>                  | <b>2,296,041</b>  |
| <b>Non-Current Assets</b>   |       |                                   |                   |
| Exploration and evaluation assets                                       | 12    | 20,848,286                        | 19,325,779        |
| Property, plant and equipment   | 13    | 85,742                            | 113,713           |
| Right-of-use asset  | 2     | 24,936                            | -                 |
| <b>Total Non-Current Assets</b>   |       | <b>20,958,964</b>                 | <b>19,439,492</b> |
| <b>Total Assets</b>   |       | <b>25,861,965</b>                 | <b>21,735,533</b> |
| <b>Current Liabilities</b>  |       |                                   |                   |
| Trade and other payables  | 14    | 564,476                           | 1,850,411         |
| Borrowings  | 4     | -                                 | 1,247,859         |
| Lease liability - current   | 2     | 21,974                            | -                 |
| Liabilities directly associated with assets classified as held for sale | 23    | -                                 | 35,587            |
| <b>Total Current Liabilities</b>  |       | <b>586,450</b>                    | <b>3,133,857</b>  |
| <b>Non-Current Liabilities</b>  |       |                                   |                   |
| Trade and other payables  | 14    | 620,355                           | 660,775           |
| Lease liability – non-current   | 2     | 10,133                            | -                 |
| <b>Total Non-Current Liabilities</b>                                    |       | <b>630,488</b>                    | <b>660,775</b>    |
| <b>Total Liabilities</b>  |       | <b>1,216,938</b>                  | <b>3,794,632</b>  |
| <b>Net Assets</b>   |       | <b>24,645,027</b>                 | <b>17,940,901</b> |
| <b>Equity</b>   |       |                                   |                   |
| <b>Total equity attributable to equity holders of the Company</b>       |       |                                   |                   |
| Issued capital  | 15    | 94,022,742                        | 86,352,263        |
| Reserves  | 16    | 10,630,643                        | 9,547,702         |
| Retained earnings   | 17    | (80,008,358)                      | (77,959,064)      |
| <b>Total Equity</b>   |       | <b>24,645,027</b>                 | <b>17,940,901</b> |

The above Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR 31 DECEMBER 2019**

| Consolidated   | Attributable to equity holders of the parent |                     |                                      |                              |                                |                |                    |
|--|--|---------------------|--------------------------------------|------------------------------|--------------------------------|----------------|--------------------|
|  | Issued Capital                               | Retained Earnings   | Foreign Currency Translation Reserve | Share Based Payments Reserve | Investment Revaluation Reserve | Other Reserve  | Total Equity       |
|  | \$   | \$                  | \$                                   | \$                           | \$                             | \$             | \$                 |
| <b>At 1 January 2019</b>   | <b>86,352,263</b>                            | <b>(77,959,064)</b> | <b>(1,580,173)</b>                   | <b>10,970,147</b>            | -                              | <b>157,728</b> | <b>17,940,901</b>  |
| Adjustment on change in accounting policy as a result of adopting AASB 16 <sup>1</sup> |  | (11,781)            |                                      |                              | -                              |                | (11,781)           |
| <b>At 1 January 2019 (restated)</b>  | <b>86,352,263</b>                            | <b>(77,970,845)</b> | <b>(1,580,173)</b>                   | <b>10,970,147</b>            | -                              | <b>157,728</b> | <b>17,929,120</b>  |
| Other comprehensive loss for the year  | -  | -                   | (127,207)                            | -                            | -                              | -              | (127,207)          |
| Loss for the year  | -  | (2,037,513)         | -                                    | -                            | -                              | -              | (2,037,513)        |
| <b>Total comprehensive loss for the year</b>   | <b>-</b>                                     | <b>(2,037,513)</b>  | <b>(127,207)</b>                     | <b>-</b>                     | <b>-</b>                       | <b>-</b>       | <b>(2,164,720)</b> |
| Shares issued  | 5,837,473                                    | -                   | -                                    | -                            | -                              | -              | <b>5,837,473</b>   |
| Share issued upon exercise of options  | -  | -                   | -                                    | -                            | -                              | -              | -                  |
| Share issue costs  | (729,992)                                    | -                   | -                                    | -                            | -                              | -              | <b>(729,992)</b>   |
| Conversion of Convertible Note   | 2,400,000                                    | -                   | -                                    | -                            | -                              | (153,375)      | <b>2,246,625</b>   |
| Issuance of Convertible Note   |  |                     |                                      |                              |                                | 112,662        | <b>112,662</b>     |
| Share Based Payments   | 162,998                                      | -                   | -                                    | 1,250,861                    | -                              | -              | <b>1,413,859</b>   |
| <b>At 31 December 2019</b>   | <b>94,022,742</b>                            | <b>(80,008,358)</b> | <b>(1,707,380)</b>                   | <b>12,221,008</b>            | <b>-</b>                       | <b>117,015</b> | <b>24,645,027</b>  |

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

(1) See Note 2 for details of the restatement as a result of a change in accounting policy

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR 31 DECEMBER 2019 (CONTINUED)**

| Consolidated  | Attributable to equity holders of the parent |                     |                                      |                              |                                |                |                     |
|---|--|---------------------|--------------------------------------|------------------------------|--------------------------------|----------------|---------------------|
|   | Issued Capital                               | Retained Earnings   | Reserves                             |                              |                                | Other Reserve  | Total Equity        |
|   |  |                     | Foreign Currency Translation Reserve | Share Based Payments Reserve | Investment Revaluation Reserve |                |                     |
|   | \$   | \$                  | \$                                   | \$                           | \$                             | \$             | \$                  |
| <b>At 1 January 2018</b>  | <b>78,681,768</b>                            | <b>(63,869,350)</b> | <b>(671,535)</b>                     | <b>10,223,297</b>            | <b>17,000</b>                  | <b>149,369</b> | <b>24,530,550</b>   |
| Adjustment on change in accounting policy as a result of adopting AASB9 |  | 17,000              |                                      |                              | (17,000)                       |                | -                   |
| <b>At 1 January 2018 (restated)</b>                                     | <b>78,681,768</b>                            | <b>(63,852,350)</b> | <b>(671,535)</b>                     | <b>10,223,297</b>            | -                              | <b>149,369</b> | <b>24,530,550</b>   |
| Other comprehensive loss for the year                                   | -  | -                   | (908,638)                            | -                            | -                              | -              | (908,638)           |
| Loss for the year   | -  | (14,106,714)        | -                                    | -                            | -                              | -              | (14,106,714)        |
| <b>Total comprehensive loss for the year</b>                            | <b>-</b>                                     | <b>(14,106,714)</b> | <b>(908,638)</b>                     | <b>-</b>                     | <b>-</b>                       | <b>-</b>       | <b>(15,015,352)</b> |
| Shares issued   | 8,893,103                                    | -                   | -                                    | -                            | -                              | -              | 8,893,104           |
| Share issue costs   | (1,222,608)                                  | -                   | -                                    | -                            | -                              | -              | (1,222,608)         |
| Conversion of Convertible Notes   | -  | -                   | -                                    | -                            | -                              | (149,369)      | (149,369)           |
| Issuance of Convertible Note  | -  | -                   | -                                    | -                            | -                              | 157,728        | 157,728             |
| Share Based Payments  | -  | -                   | -                                    | 746,850                      | -                              | -              | 746,850             |
| <b>At 31 December 2018</b>  | <b>86,352,263</b>                            | <b>(77,959,064)</b> | <b>(1,580,173)</b>                   | <b>10,970,147</b>            | <b>-</b>                       | <b>157,728</b> | <b>17,940,901</b>   |

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

|   | Note  | Consolidated<br>Dec<br>2019<br>\$ | Dec<br>2018<br>\$  |
|---|-------|-----------------------------------|--------------------|
| <b>Cash flows from operating activities</b>                             |       |                                   |                    |
| Receipts from customers   |       | -                                 | -                  |
| Payments to suppliers and employees                                     |       | (3,741,565)                       | (5,079,809)        |
| Finance Costs   |       | (125,000)                         | (123,945)          |
| Income taxes paid   |       | -                                 | -                  |
| <b>Net cash (used in) operating activities</b>                          | 24(b) | <b>(3,866,565)</b>                | <b>(5,203,754)</b> |
| <b>Cash flows from investing activities</b>                             |       |                                   |                    |
| Interest received   |       | 11,384                            | 10,827             |
| Receipts for disposal of property, plant and equipment                  |       | 1,144,835                         | 146,989            |
| Payment for exploration and evaluation                                  |       | (2,491,650)                       | (2,090,196)        |
| Proceeds from sale of equity investments                                |       | 2,750,000                         | 7,839              |
| Proceeds from term deposit maturity                                     |       | -                                 | 121,661            |
| <b>Net cash used in investing activities</b>                            |       | <b>1,414,569</b>                  | <b>(1,802,880)</b> |
| <b>Cash flows from financing activities</b>                             |       |                                   |                    |
| Proceeds from issues of equity securities                               |       | 5,837,473                         | 5,730,232          |
| Costs of issuing securities   | 15    | (431,792)                         | (688,655)          |
| Proceeds from borrowings  |       | 750,000                           | 1,400,000          |
| Repayment of borrowings   |       | (750,000)                         | (1,500,000)        |
| Repayment of lease liabilities  | 2     | (28,819)                          | -                  |
| Proceeds from issue of convertible notes                                |       | 1,000,000                         | -                  |
| <b>Net cash provided by financing activities</b>                        |       | <b>6,376,862</b>                  | <b>4,941,577</b>   |
| Net increase/(decrease) in cash and cash equivalents                    |       | 3,924,866                         | (2,065,057)        |
| Cash and cash equivalents at the beginning of the financial year        |       | 432,228                           | 2,632,054          |
| Effect of exchange rate fluctuations on cash held in foreign currencies |       | (43,998)                          | (134,769)          |
| <b>Cash and cash equivalents at the end of the financial year</b>       | 24(a) | <b>4,313,096</b>                  | <b>432,228</b>     |

The above Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

## Notes to the Annual Financial Statements

### 1. GENERAL INFORMATION

Big River Gold Limited (“the Parent Entity” or “Big River” or “the Company”), previously Crusader Resources Limited, is a listed public company incorporated in Australia and operating in Australia and Brazil. The address of the Company’s registered office and principal place of business is Level 29, 221 St Georges Terrace, Perth, Western Australia. The Consolidated Financial Statements of the Company as at, and for the financial year ended 31 December 2019 comprise those of the Company and its subsidiaries (together referred to as the “the Consolidated Entity” or “the Group”). The Group is involved primarily in the mineral exploration industry.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

For the purpose of preparing the Consolidated Financial Statements, the Company is a “for profit” entity. The Financial Report is a General Purpose Financial Report which has been prepared in accordance with Accounting Standards (including Interpretations) and the Corporations Act 2001 (Cth). Accounting Standards include Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures the Consolidated Financial Report of the Group complies with International Financial Reporting Standards (“IFRSs”).

#### (b) Basis of preparation

The Financial Report has also been prepared on an accruals basis and historical cost basis, except for available-for-sale investments which have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The Financial Statements were approved by the Board of Directors on 31 March 2020.

#### Changes in significant accounting policies

##### *AASB 16 Leases*

The Company has adopted AASB 16: Leases from 1 January 2019. AASB 16 introduced a single, on balance sheet accounting model for lessees. As a result, the Company as a lessee, will recognise right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The changes in the Company’s accounting policies are set out below:

##### *Significant accounting policy*

The Company, as a lessee, will assess whether a contract is, or contains, a lease under AASB 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If the contract is assessed to be, or contains, a lease, the Company will recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

Depreciation is based on the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The leases liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

## Notes to the Annual Financial Statements

The lease liability is subsequently increased by the interest cost on the lease liability, offset by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### *Recognition exemption - Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases for low-value assets. The Company will recognise the payments associated with these leases as an expense on a straight-line basis over the lease term.

### *Impact on transition*

The Group has adopted AASB 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

The difference between the Lease Liability and the Right of Use Asset on date of initial application being 1 January 2019 was adjusted to retained earnings as follows:

|  |          |
|--|----------|
| Operating lease commitments disclosed at 31 December 2018  | 64,549   |
| Present value of discounting lease debt at 1 January 2019  | 58,164   |
| Less: Short-term leases  | (39,599) |
| Add: operating lease renewals  | 34,720   |
| Lease Liability recognised on 1 January 2019   | 53,285   |
| <b>Value of Lease Liabilities on 1 January 2019</b> – measured based on the present value of the remaining lease payments using the lessee's incremental borrowing rate at the date of initial application           | 53,285   |
| <b>Right-of-Use Asset on 1 January 2019</b> – measured as if the Standard had been applied since the commencement date of the lease using the lessee's incremental borrowing rate at the date of initial application | 41,504   |
| <b>Adjustment to Retained Earnings on 1 January 2019</b>   | 11,781   |

### **Movement in Right of-Use Assets and Lease Liabilities for the year end 31 December 2019:**

|  |          |
|--|----------|
| Right-of-Use Asset on 1 January 2019                                 | 41,504   |
| Less Amortisation  | (16,568) |
| Right-of-Use Asset as at 31 December 2019                            | 24,936   |
| Lease Liability on 1 January 2019                                    | 53,285   |
| Less Lease Payments <sup>1</sup>                                     | (28,819) |
| Plus Interest  | 7,641    |
| Lease Liability as at 31 December 2019                               | 32,107   |
| (1) Lease payments in the Statement of Cash Flows amount to \$28,819 |          |



## Notes to the Annual Financial Statements

### Going concern

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

The Group incurred a loss of \$2,037,513 (2018: loss of \$14,106,714 which was inclusive of a \$7,986,889 non-cash impairment charge) and experienced net cash outflows from operating and investing activities of \$2,451,996 (2018: outflow of \$7,006,634) for the year ended 31 December 2019. As at this date, the Group had a net current asset position of \$4,316,551 (31 December 2018: net current liabilities of \$837,816). Cash and cash equivalents totalled \$4,313,096 as at 31 December 2019 (31 December 2018: \$432,228).

The Directors of the Company are committed to progressing the Borborema Project. Subsequent to year end the Group appointed two new Directors and a Vice President, Operations, to focus on bringing Borborema into development.

The Directors have prepared a cash flow forecast for the Group out to 31 March 2021 which indicates the Group currently holds sufficient working capital to meet the expected cash outflows over this period based on budgeted operational requirements, which includes development expenditure related to the Borborema Gold Project.

As at the date of signing this half year financial report, the Directors are managing the Group's cash flow requirements closely and continue to implement strategies that will streamline business processes and reduce ongoing expenditure.

The Directors consider that the Company has demonstrated a track record of successfully raising capital and expect that the Company will continue to do so in the future to support the Group's monthly cash flow requirements, including repayment of amounts due to creditors and other parties and the continued exploration and development spend committed at the Group's key projects.

As a result of the above, the Directors have prepared these financial statements on a going concern basis.

### (c) Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and the entities controlled by the Company (its subsidiaries). Subsidiaries are entities controlled by the Group. Control exists when the Group has power over the investee, is exposed to, or has right to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

In preparing the Consolidated Financial Statements, all inter-company balances and transactions, income and expenses, profit and losses resulting from intra-group transactions have been eliminated in full.

### (d) Foreign currency

The individual Financial Statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Big River Gold Limited and the presentation currency for the Consolidated Financial Statements. The functional currencies of Crusader do Brasil Mineração Ltda, Cascar Mineração Ltda and Crusader do Nordeste Mineração Ltda are Brazilian Real (BRLs).

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## Notes to the Annual Financial Statements

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from, or payable to, a foreign operation, for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the Foreign Currency Translation Reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in Other Comprehensive Income and accumulated in equity.

### (e) Financial Instruments

The Group classifies its financial assets in the following measurement categories:

#### *Classification*

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### *Measurement*

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt Instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

## Notes to the Annual Financial Statements

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

### *Equity Instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Also refer to note 2(u) for details in relation to the impact of the new policies adopted effective 1 January 2018.

### **(f) Cash and cash equivalents**

Cash comprises cash balances and at call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### **(g) Issued capital**

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

## Notes to the Annual Financial Statements

### (h) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight line basis so as to write off the net cost, or other revalued amount, of each asset over its estimated useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method, are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The estimated useful lives for plant and equipment range from 1 to 40 years, as below:

| Category  | Life (years) |     | Depreciation Rate |        |
|-----------|--------------|-----|-------------------|--------|
|           | Min          | Max | Min               | Max    |
| Buildings | 25           | 40  | 2.5%              | 4.0%   |
| Computers | 2            | 4   | 25.0%             | 50.0%  |
| Furniture | 5            | 10  | 10.0%             | 20.0%  |
| Plant     | 5            | 15  | 6.7%              | 20.0%  |
| Software  | 1            | 2   | 50.0%             | 100.0% |
| Vehicles  | 2            | 5   | 20.0%             | 50.0%  |

### (i) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment loss on a disposal group is allocated to the assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

### (j) Determination of Fair Value

The fair values of assets designated as held for sale are determined with reference to an external valuation, market demand and costs of disposal.

### (k) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

## Notes to the Annual Financial Statements

### (l) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there are any indications that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the Cash-Generating Unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual Cash-Generating Units. Otherwise they are allocated to the smallest group of Cash-Generating Units for which a reasonable and consistent allocation basis can be identified.

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or Cash-Generating Unit) is estimated to be less than its carrying amount, the carrying amount of the asset (Cash-Generating Unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (Cash-Generating Unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (Cash-Generating Unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit and loss unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

### (m) Employee benefits

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

Liabilities recognised in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

### (n) Share-based payment transactions

Equity-settled share based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate options pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details of how the fair value of equity settled share transactions has been determined can be found in Note 7.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

## Notes to the Annual Financial Statements

### (o) Revenue recognition

The Group expect to primarily generate revenue from the sale of gold. Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer. Control is generally considered to have passed when:

- physical possession and inventory risk is transferred (including via a third-party transport provider arranged by the refinery);
- payment terms for the sale of goods can be clearly identified through the sale of metal credits received or receivable for the transfer of control of the asset;
- the Group can determine with sufficient accuracy the metal content of the goods delivered; and
- the refiner has no practical ability to reject the product where it is within contractually specified limits.

Where economic inflows arise from other by-products, for example from the presence of other valuable metals, these amounts are credited to the costs of producing the primary products to the extent the amounts generated are not considered significant.

### (p) Income tax

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

Deferred income tax is provided on all temporary differences that exist at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill, or of an asset, or liability, in a transaction that is not a business combination, and, at the time of the transaction, affects neither the accounting profit nor taxable loss; and
- in respect of taxable temporary differences, associated with investments in subsidiaries, associates and interests in joint ventures and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences that exist at each reporting date, the carry forward amount of all unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward amount of any unused tax credits and any unused tax losses, can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, in which case deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilised.

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

## Notes to the Annual Financial Statements

Unrecognised deferred income tax assets are re-assessed at each reporting date and reduced to the extent that it has become probable that future taxable profit will allow all, or part of, the deferred tax credit to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are recognised as items of income or expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

### **(q) Goods and services tax**

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset, or as part of the expense item as applicable.

Receivables and payables are recognised 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 Consolidated Statement of Financial Position. Cash flows are included in the Consolidated 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the relevant taxation authority.

### **(r) Exploration and evaluation expenditure**

Expenditure incurred in the acquisition of rights to explore is capitalised and recognised as an exploration and evaluation asset.

Exploration costs are then capitalised to the extent that they are expected to be recouped through the successful development of a relevant area of interest or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

### **(s) Mine development properties**

The Group will make a decision to proceed with mine development once the commercial and technical viability has been confirmed. This will usually be supported by the completion of a full feasibility study. Costs are accumulated for each identifiable area of interest under development or in production. The accumulated costs are amortised over the life of the mine on the unit of production basis, once production has commenced.

### **(t) Critical accounting judgements and key sources of uncertainty**

The following are the critical judgements that the Group has made in the process of applying the Group's accounting policies and that have the most significant effects on the amounts recognised in the Financial Statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of revision, and future periods if the revision affects both current and future periods.

#### *Capitalised exploration expenditure*

The Group reviews the carrying value of all capitalised exploration expenditure assets for impairment at the end of each annual reporting period, and where the Group believes an asset has been impaired, the adjustment to fair value is recorded through profit or loss. The ultimate recoupment of these costs is dependent on the successful commercialisation of the project, or through sale to a third party, for at least the carrying value of the project.

**Notes to the Annual Financial Statements***Share-based payment transactions*

The Group measures the cost of equity-settled transactions with Directors, Senior Executives, other staff and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate options pricing model, which takes account of factors including the option exercise price, the current value and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, and the expected life of the option.



## Notes to the Annual Financial Statements

|  | Consolidated      |                   |
|--|-------------------|-------------------|
|  | Dec<br>2019<br>\$ | Dec<br>2018<br>\$ |
| <b>3. Revenue and Expenses</b>                     |                   |                   |
| <u>Revenue – other income</u>                      |                   |                   |
| Rental and administrative services income          | -                 | 27,167            |
| Profit on disposal of asset                        | 182,400           | 122,730           |
| R&D income   | 120,791           | -                 |
| Interest revenue                                   | 10,768            | 10,847            |
|  | <b>313,959</b>    | <b>160,744</b>    |
| <u>Expenses</u>                                    |                   |                   |
| Corporate expenses:                                |                   |                   |
| Office rental                                      | 238,388           | 187,745           |
| Staff costs  | 377,018           | 1,302,870         |
| Director fees                                      | 300,041           | 198,933           |
| Professional fees                                  | 532,410           | 2,058,263         |
| Marketing and media costs                          | 146,020           | 278,667           |
| Other corporate expenses                           | 542,833           | 437,961           |
|  | <b>2,136,710</b>  | <b>4,464,440</b>  |
| Finance costs:                                     |                   |                   |
| Interest   | 396,020           | 294,821           |
| Debt issuance costs                                | -                 | 175,173           |
|  | <b>396,020</b>    | <b>469,994</b>    |
| Depreciation and amortisation                      | <b>38,294</b>     | <b>31,331</b>     |
| Exploration and evaluation:                        |                   |                   |
| Other exploration (refer note 12)                  | 21,860            | 49,501            |
|  | <b>21,860</b>     | <b>49,501</b>     |
| Employee expenses:                                 |                   |                   |
| Salaries and wages                                 | 893,066           | 2,093,448         |
| Defined contribution plan                          | 67,559            | 153,747           |
| Other employee benefits                            | 315,333           | 278,233           |
| Equity-settled share-based payments (refer Note 7) | (20,625)          | 20,625            |
| Annual Leave                                       | 65,224            | 124,328           |
|  | <b>1,320,557</b>  | <b>2,670,381</b>  |

*Employee expenses are included in Administration, Corporate Expenses, Exploration & Evaluation expenses and Discontinued Operations in the Statement of Profit or Loss.*

## Notes to the Annual Financial Statements

## 4. Borrowings secured at amortised cost

|   | Dec<br>2019<br>\$ | Consolidated<br>Dec<br>2018<br>\$ |
|---|-------------------|-----------------------------------|
| <u>Borrowings – secured at amortised cost</u> |                   |                                   |
| Current                                       |                   |                                   |
| Convertible Notes                             | -                 | 1,247,859                         |
| Total Current Borrowings                      | <u>-</u>          | <u>1,247,859</u>                  |

## Convertible Note

In 2018 the Company executed \$1,400,000 of convertible debt facility agreements with the Copulos Group (with interest of 8% per annum, payable half yearly, and a 12 month maturity date). In February 2019 the Copulos Group entered into agreements for an additional \$1,000,000 of convertible notes on the same terms and conditions as the 2018 issued notes.

In April 2019 a total of \$900,000 of convertible notes plus accrued interest was converted into 92,220,281 shares at \$0.01 per share. In September 2019 a further \$1,500,000 of convertible notes plus accrued interest was converted into 157,879,451 shares at \$0.01 per share.

## 5. Income tax

## a) The components of tax expense comprise

|              |   |   |
|--------------|---|---|
| Current tax  | - | - |
| Deferred tax | - | - |

## b) The prima facie tax benefit on loss from continuing operations before income tax is recognised to the income tax as follows:

|             |             |
|-------------|-------------|
| (1,616,843) | (6,119,825) |
|-------------|-------------|

Prima facie tax benefit on loss from ordinary activities at 27.5% (December 2017 27.5%)

|           |             |
|-----------|-------------|
| (444,632) | (1,682,952) |
|-----------|-------------|

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

|                          |                  |                    |
|--------------------------|------------------|--------------------|
| Entertainment            | 691              | 1,120              |
| Fines                    | 645              | 342                |
| Foreign Losses           | 189,689          | (82,394)           |
| Research and Development | 43,145           | -                  |
|                          | <u>(210,462)</u> | <u>(1,763,884)</u> |

Movement in unrecognised temporary differences

|           |         |
|-----------|---------|
| (227,210) | 133,878 |
|-----------|---------|

Tax effect of change in tax rate

|   |   |
|---|---|
| - | - |
|---|---|

Tax effect of current year tax losses for which no deferred tax asset has been recognised

|         |           |
|---------|-----------|
| 437,671 | 1,630,006 |
|---------|-----------|

Income tax expense

|          |          |
|----------|----------|
| <u>-</u> | <u>-</u> |
|----------|----------|

## Notes to the Annual Financial Statements

|  | Dec<br>2019<br>\$ | Consolidated<br>Dec<br>2018<br>\$ |
|--|-------------------|-----------------------------------|
| c) The following deferred tax balances have not been recognised (at relevant tax rates): |                   |                                   |
| Investments  | 13,750            | 13,750                            |
| Accrued expenses   | 23,069            | 167,126                           |
| Capitalised expenses   | 704,710           | 684,453                           |
| Capitalised tenement acquisition costs   | 138,996           | 138,996                           |
| Entity establishment costs   | 347,479           | 442,361                           |
| Borrowing costs  | -                 | -                                 |
| Provision for expenses   | 19,826            | 48,634                            |
| Capital raising costs  | 528,429           | 580,705                           |
| Carry forward revenue tax losses   | 11,617,161        | 10,671,186                        |
| Carry forward capital tax losses   | 1,416,421         | 2,373,565                         |
| Carry forward foreign tax losses   | 7,657,613         | 7,246,864                         |
|  | <b>22,467,454</b> | <b>22,367,640</b>                 |
| <b>Deferred tax liabilities (at relevant tax rates)</b>                                  |                   |                                   |
| Prepaid expenses   | 4,014             | 5,133                             |
| Accrued interest income  | -                 | 279                               |
|  | <b>4,014</b>      | <b>5,412</b>                      |
| <b>Net deferred tax asset not recognised</b>   | <b>22,463,440</b> | <b>22,362,228</b>                 |

The current taxation legislation in Brazil enables tax to be paid under one of the following ways:

1. Income tax is payable at 3% of gross revenue
2. Income tax is payable at 34% of net profit.

During the year ended 31 December 2019, the group has decided to pay tax on 34% of net profit as this is the cheaper option.

The net deferred tax asset and liability has not been brought to account as it is unlikely that they will be utilised unless the company generates sufficient revenue to utilise them.

## Notes to the Annual Financial Statements

### 6. Financial Risk Management

#### Overview

The Group has exposure to the following risks from their use of financial instruments:

- Capital risk
- Credit risk
- Foreign exchange risk
- Interest rate risk
- Equity risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Senior Executives monitor and mitigate the financial risks relating to the operations of the Group through regular reviews of the risks.

Categories of financial instruments

|                              | Consolidated      |                   |
|------------------------------|-------------------|-------------------|
|                              | Dec<br>2019<br>\$ | Dec<br>2018<br>\$ |
| <b>Financial assets</b>      |                   |                   |
| Cash and cash equivalents    | 4,313,096         | 432,228           |
| Loans and receivables        | 150,207           | 88,428            |
|                              | <b>4,463,303</b>  | <b>520,656</b>    |
| <b>Financial liabilities</b> |                   |                   |
| Trade and other payables     | 564,476           | 1,371,660         |
| Borrowings                   | -                 | 1,247,859         |
| Lease Liability              | 21,974            |                   |
|                              | <b>586,450</b>    | <b>2,619,519</b>  |

#### Capital risk management

The Group manages its capital as a going concern while maximising the return to shareholders through the optimisation of its capital employed.

The capital structure of the Group consists of cash and cash equivalents, debt funding and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated loss as disclosed in Notes 15, 16 and 17 respectively. None of the Group's entities is subject to externally imposed capital requirements.

#### Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

#### Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

## Notes to the Annual Financial Statements

### Trade and other receivables

The Group operates in the mining sector and is exposed to credit risk in relation to trade receivables arising from the sale of mineral products.

Where appropriate, the group has established an allowance for impairment that represents incurred losses in respect of other receivables and payments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The below table shows the distribution of receivables from the Group at the end of the period before any provision for expected credit losses. Refer to Note 10 for further information.

| Customer                                      | Dec<br>2019    |            | Dec<br>2018    |            |
|---|----------------|------------|----------------|------------|
|   | \$             | %          | \$             | %          |
| Siderurgica Noroeste Ltda                     | 108,317        | 43.2       | 111,633        | 39.9       |
| Siderbras Siderurgica Brasileira Ltda         | 106,293        | 42.4       | 109,547        | 39.1       |
| CNS Empreendimentos Em Transportes e Minerios | 35,871         | 14.4       | 36,969         | 13.2       |
| Other   | -              | -          | 21,708         | 7.8        |
|   | <b>250,482</b> | <b>100</b> | <b>279,857</b> | <b>100</b> |

### Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

|                           | Carrying Amount   |                   |
|---------------------------|-------------------|-------------------|
|                           | Dec<br>2019<br>\$ | Dec<br>2018<br>\$ |
| Cash and cash equivalents | 4,313,096         | 432,228           |
| Loans and receivables     | 150,207           | 88,428            |

### Liquidity risk management

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

The Group manages liquidity risk by maintaining adequate cash by continuously monitoring forecast and actual cash flows.

Typically, the Group ensures it has sufficient cash on demand to meet expected operational expenses for a period of ninety days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### Market risk management

The Group's activities expose it primarily to financial risks such as foreign exchange rates, interest rates and equity prices which will affect the Group's income and the value of its holdings of financial instruments. The objective of market risk management is to mitigate and control market risk exposures within acceptable parameters, while optimizing shareholder return.

## Notes to the Annual Financial Statements

### Foreign currency risk management

The Group is exposed to foreign currency risk from investments and borrowings held in a currency other than the Group's functional currency. The Group's exposure to foreign currency risk relates to financial instruments held in Brazilian Reals. At the reporting date the holdings were as follows:

|                           | Consolidated      |                   |
|---------------------------|-------------------|-------------------|
|                           | Dec<br>2019<br>\$ | Dec<br>2018<br>\$ |
| Financial assets          |                   |                   |
| Cash and cash equivalents | 169,132           | 75,122            |
| Loans and receivables     | 0                 | 25,059            |
|                           | <b>169,132</b>    | <b>100,181</b>    |
| Financial liabilities     |                   |                   |
| Trade and other payables  | 171,677           | 265,426           |
| Provisions                | 742,412           | 974,284           |
|                           | <b>914,089</b>    | <b>1,239,710</b>  |

### Foreign currency sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to foreign exchange risks at the end of the reporting period:

If the AUD/BRL exchange rate had been 10% higher/lower net profit for the year ended 31 December 2019 would have increased/decreased by \$95,350 (year ended 31 December 2018: increased/decreased by \$113,065).

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments:

| Dec 2019<br>Consolidated                  | Weighted<br>Average<br>Interest<br>Rate | Variable<br>Interest<br>Rate | Fixed<br>Interest<br>Rate       | Fixed<br>Interest<br>Rate | Non-interest<br>Bearing | Total            |
|---|---|------------------------------|---------------------------------|---------------------------|-------------------------|------------------|
|   |   |                              | Maturity<br>less than 1<br>year | Maturity<br>1-5 years     |                         |                  |
|   | %                                       | \$                           | \$                              | \$                        | \$                      | \$               |
| <b>Financial Assets</b>                   |   |                              |                                 |                           |                         |                  |
| Cash and cash equivalents                 | 0.40%                                   | 4,313,096                    | -                               | -                         | -                       | 4,313,096        |
| Trade and other receivables               | -                                       | -                            | -                               | -                         | 150,207                 | 150,207          |
|   |   | <b>4,313,096</b>             | -                               | -                         | <b>150,207</b>          | <b>4,463,303</b> |
| <b>Financial Liabilities</b>              |   |                              |                                 |                           |                         |                  |
| Trade and other payables                  | -                                       | -                            | -                               | -                         | (586,450)               | (586,450)        |
|   | -                                       | -                            | -                               | -                         | <b>(586,450)</b>        | <b>(586,450)</b> |
| <b>Net financial assets/(liabilities)</b> | -                                       | <b>4,313,096</b>             | -                               | -                         | <b>(436,243)</b>        | <b>3,876,853</b> |

## Notes to the Annual Financial Statements

| Dec 2018<br>Consolidated           | Weighted<br>Average<br>Interest<br>Rate | Variable<br>Interest<br>Rate | Fixed<br>Interest<br>Rate                | Fixed<br>Interest<br>Rate     | Non-interest<br>Bearing | Total       |
|------------------------------------|---|------------------------------|--|-------------------------------|-------------------------|-------------|
|                                    |   |                              | <i>Maturity<br/>less than 1<br/>year</i> | <i>Maturity<br/>1-5 years</i> |                         |             |
|                                    | %                                       | \$                           | \$                                       | \$                            | \$                      | \$          |
| <b>Financial Assets</b>            |   |                              |  |                               |                         |             |
| Cash and cash equivalents          | 1.02%                                   | 432,228                      | -  | -                             | -                       | 432,228     |
| Trade and other receivables        | -                                       | -                            | -  | -                             | 88,428                  | 88,428      |
|                                    |   | 432,228                      | -  | -                             | 88,428                  | 520,656     |
| <b>Financial Liabilities</b>       |   |                              |  |                               |                         |             |
| Convertible debt                   | 8.0%                                    | -                            | (1,247,859)                              | -                             | -                       | (1,247,859) |
| Trade and other payables           | -                                       | -                            | -  | -                             | (1,371,660)             | (1,371,660) |
|                                    | -                                       | -                            | (1,247,859)                              | -                             | (1,371,660)             | (2,619,519) |
| Net financial assets/(liabilities) | -                                       | 432,228                      | (1,247,859)                              | -                             | (1,283,232)             | (2,098,863) |

**Fair values at amortised costs**

The carrying value of the Group's financial assets and liabilities are equal to their respective net fair values.

**Fair values of financial instruments – valuation techniques and assumptions**

The fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of other financial assets and liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

## Notes to the Annual Financial Statements

### 7. Share-based payments

The expense recognised in profit or loss in relation to share-based payments is disclosed in Note 3.

The following share based payments were made during the period:

|                              |                  |
|------------------------------|------------------|
| Share options issued expense | 973,286          |
| Share options issued expense | (20,625)         |
| Borrowing costs              | 100,998          |
| Capital raising costs        | 298,200          |
| Directors' remuneration      | 62,000           |
| <b>Total</b>                 | <b>1,413,859</b> |

The following table illustrates the number and Weighted Average Exercise Prices (WAEs) of, and movements in, share options issued during the period:

|  | <b>Dec<br/>2019<br/>No.</b> | <b>Dec<br/>2019<br/>WAE</b> | <b>Dec<br/>2018<br/>No.</b> | <b>Dec<br/>2018<br/>WAE</b> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Outstanding at the beginning of the period | 104,500,121                 | 0.30                        | 33,022,808                  | 0.30                        |
| Granted during the period                  | 179,082,512                 | 0.02                        | 93,000,121                  | 0.10                        |
| Lapsed during the period                   | (29,122,977)                | 0.26                        | (21,522,808)                | 0.37                        |
| Reversal of lapsed options                 | -                           | -                           | -                           | -                           |
| Exercised during the period                | -                           | -                           | -                           | -                           |
| Outstanding at the end of the period       | <b>254,459,656</b>          | <b>0.03</b>                 | <b>104,500,121</b>          | <b>0.11</b>                 |
| Exercisable at the end of the period       | 254,459,656                 | 0.03                        | 86,877,144                  | 0.07                        |

The following share options were in existence during or at the end of the current financial period:

| <b>Options series</b>             | <b>Grant date</b> | <b>Vesting date</b> | <b>Expiry date</b> | <b>Exercise price<br/>\$</b> | <b>Grant date fair value<br/>\$</b> |
|-----------------------------------|-------------------|---------------------|--------------------|------------------------------|-------------------------------------|
| <b>Live at end of period</b>      |                   |                     |                    |                              |                                     |
| Issued 22 July 2014               | 22-Jul-14         | 22-Jul-14           | 21-Jul-19          | -                            | -                                   |
| Issued 23 Dec 2016                | 23-Dec-16         | 23-Dec-16           | 23-Dec-19          | 0.2000                       | 0.0366                              |
| Issued 23 Dec 2016                | 23-Dec-16         | 23-Dec-16           | 23-Dec-19          | 0.2600                       | 0.0429                              |
| Issued 30 May 2018                | 30-May-18         | 30-May-18           | 31-May-20          | 0.0550                       | 0.0060                              |
| Issued 30 May 2018 <sup>(1)</sup> | 30-May-18         | 30-May-18           | 31-May-20          | 0.0550                       | 0.0060                              |
| Issued 30 May 2018 <sup>(2)</sup> | 30-May-18         | 20-Nov-22           | 20-Nov-22          | 0.3000                       | 0.0089                              |
| Issued 4 July 2019                | 4-Jul-19          | 4-Jul-19            | 30-Jun-22          | 0.0200                       | 0.0071                              |

(1) These options were issued on conversion of the Convertible Note held at 31 December 2017 and have been treated as borrowing costs.

(2) These options vest based on specific performance conditions attached to the Borborema area of interest (lapsed during year).

The weighted average remaining contractual life for the share options outstanding at 31 December 2019 is 1.88 years (December 2018: 1.78 years).

The range of exercise prices for options outstanding at the end of the period was \$0.02 - \$0.06 (December 2018: \$0.06 - \$0.30).



## Notes to the Annual Financial Statements

The weighted average fair value of options granted during the period was \$0.0071 (December 2018: \$0.01).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using an appropriate options pricing model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used in relation to the options that were issued during the financial year ended 31 December 2019 and 31 December 2018.

|                           |       | Granted<br>2019   | Granted<br>2018    | Granted<br>2018   |
|---------------------------|-------|-------------------|--------------------|-------------------|
|                           |       | \$0.02<br>Options | \$0.055<br>Options | \$0.30<br>Options |
| Dividend yield            | %     | -                 | -                  | -                 |
| Expected volatility       | %     | 77%               | 100%               | 79%               |
| Risk-free interest rate   | %     | 0.94%             | 2.05%              | 2.31%             |
| Expected life             | Years | 3.0               | 2.0                | 4.48              |
| Exercise price            | \$    | 0.02              | 0.055              | 0.30              |
| Share price at grant date | \$    | 0.0216            | 0.035              | 0.035             |

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that will occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurements of fair value.

No share options were exercised during the year (2018: nil).

### Employee share option plan

The Company received approval for the introduction of an employee share option scheme (the Plan) in 2008. The plan was last re-approved at a meeting of shareholders on 12 May 2017, the details of which are set out below. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. The options can only be issued to Employees or Officers of the Company and its subsidiaries.
2. Each Option entitles the holder, on exercise, to one fully paid ordinary share in the Company.
3. Shares issued on exercise of Options will rank equally with other fully paid ordinary shares of the Company.
4. The exercise price and expiry date for the options will be as determined by the Board (in its discretion) on or before the date of issue.
5. The maximum number of options that can be issued under the Plan is not to be in excess of 5% of the total number of Shares on issue.
6. An option may only be exercised after that option has vested, after any conditions associated with the exercise of the option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an option the Board may, in its absolute discretion, impose other conditions on the exercise of an option.
7. An Option will lapse upon the first to occur of its expiry date; the holder acting fraudulently or dishonestly in relation to the Company or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.
8. Upon an Optionholder ceasing to be a Director, employee or officer of the Company, whether by termination or otherwise, the Optionholder has 45 days from the day of termination, or otherwise, to exercise their Options before their Options lapse.

## Notes to the Annual Financial Statements

9. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur), then the Board may declare an option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
10. Options may not be transferred other than in cases where the Options have vested, are within six (6) months of the expiry date of the Options, and the Options are transferred to an Associate of the Optionholder. Quotation of options on the ASX will not be sought. However, the Company will apply to the ASX for official quotation of Shares issued on the exercise of options.
11. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 ASX Business Days after the issue is announced.
12. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each Optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
13. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each option holder is entitled, or the exercise price of his or her options, or both, or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

### 8. Key management personnel

Details of Key Management Personnel during the financial year:

|                    |   |
|--------------------|---|
| Mr. S. Copulos     | Chairman (Non-Executive) – appointed 28 February 2019 |
| Mr. A. Vickerman   | Chairman (Non-Executive) – resigned 28 February 2019  |
| Mr. M. Engelbrecht | Managing Director – resigned 28 February 2019         |
| Mr. A. Richards    | Executive Director – appointed 28 February 2019       |
| Mr. P. Stephen     | Executive Director – resigned 30 January 2019         |
| Mr. J. Evans       | Director (Non-Executive)                              |
| Mr. A. Beigel      | Chief Financial Officer / Company Secretary           |
| Mr. J. Nery        | Manager – Iron Ore, Licensing and Compliance          |

The aggregate compensation provided to Directors and Key Management Personnel of the company and the group is set out below:

|                              | Dec<br>2019<br>\$ | Consolidated<br>Dec<br>2018<br>\$ |
|------------------------------|-------------------|-----------------------------------|
| Short-term employee benefits | 690,391           | 1,516,718                         |
| Post-employment benefits     | 20,711            | 39,318                            |
| Share-based payments         | 50,000            | 20,625                            |
|                              | <b>761,102</b>    | <b>1,576,661</b>                  |

Further details relating to the compensation of Directors and Key Management Personnel are included within the Directors' Report.

## Notes to the Annual Financial Statements

## 9. Auditors' Remuneration

|                                      | Dec<br>2019<br>\$ | Consolidated<br>Dec<br>2018<br>\$ |
|--------------------------------------|-------------------|-----------------------------------|
| <i>Audit of the Parent Entity</i>    |                   |                                   |
| Audit or review of financial report  | 87,975            | 87,000                            |
| <i>Auditors of overseas entities</i> |                   |                                   |
| Audit or review of financial report  | 29,780            | 39,000                            |
|                                      | <b>117,755</b>    | <b>126,000</b>                    |

The auditor of the Group is Deloitte Touche Tohmatsu.

## 10. Trade and Other Receivables

|                                   | Dec<br>2019<br>\$ | Consolidated<br>Dec<br>2018<br>\$ |
|-----------------------------------|-------------------|-----------------------------------|
| Current                           |                   |                                   |
| Trade receivables                 | 250,482           | 279,857                           |
| Less provision for doubtful debts | (250,482)         | (262,177)                         |
| Other receivables                 | 150,207           | 70,748                            |
|                                   | <b>150,207</b>    | <b>88,428</b>                     |

Other receivables are non-interest bearing and consists of GST and R&D credits receivable from the Australian Taxation Office.

All receivables are collected within commercial terms. Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has recognised an allowance for doubtful debts on the basis the amounts may not be recoverable.

An analysis of trade receivables by customer is disclosed in Note 6.

## 11. Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

*Amounts recognised in profit or loss*

During the year, the following gains (losses) were recognised in profit or loss:

|  | Dec 2019<br>\$   | Consolidated<br>Dec 2018<br>\$ |
|--|------------------|--------------------------------|
| Fair value gains on equity investments at FVPL | 2,250,000        | -                              |
|  | <b>2,250,000</b> | <b>-</b>                       |

## Notes to the Annual Financial Statements

|  | Dec 2019          | Consolidated | Dec 2018          |
|--|-------------------|--------------|-------------------|
|  | \$                |              | \$                |
| <b>12. Exploration and evaluation assets</b>             |                   |              |                   |
| Costs brought forward                                    | 19,325,779        |              | 27,955,110        |
| Expenditure incurred during the period                   | 2,120,095         |              | 1,763,314         |
| Amounts expensed   | (21,860)          |              | (49,501)          |
| Impairment of Juruena asset on transfer to held for sale | -                 |              | (7,963,715)       |
| Effect of exchange rates                                 | (575,728)         |              | (2,379,429)       |
| Costs carried forward                                    | <u>20,848,286</u> |              | <u>19,325,779</u> |

The Group has exploration and evaluation assets relating to the Borborema project which includes three mining leases covering a total area of 29km<sup>2</sup> including freehold title over the main prospect area, held in the Seridó area of the Borborema province in north-eastern Brazil. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

Expenditure incurred in the acquisition of rights to explore is capitalised and recognised as an exploration and evaluation asset.

Exploration costs are capitalised to the extent that they are expected to be recouped through the successful development of a relevant area of interest or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Each area of interest was assessed for impairment triggers in accordance with the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* as at 31 December 2019, with no impairment triggers identified.

|   | Dec 2019       | Consolidated | Dec 2018       |
|---|----------------|--------------|----------------|
|   | \$             |              | \$             |
| <b>13. Property, plant and equipment</b>                        |                |              |                |
| Balance at the beginning of the period                          |                |              |                |
| Cost  | 2,060,063      |              | 2,106,621      |
| Accumulated depreciation  | (1,946,350)    |              | (1,904,094)    |
| Carrying amount at beginning of period                          | <u>113,713</u> |              | <u>202,527</u> |
| Additions   | 2,399          |              | 5,204          |
| Disposals   | (6,510)        |              | (10,171)       |
| Depreciation  | (21,703)       |              | (42,257)       |
| Assets included in a disposal group classified as held for sale | -              |              | (33,791)       |
| Effect of foreign exchange                                      | (2,157)        |              | (7,800)        |
| Carrying amount at the end of the period                        | <u>85,742</u>  |              | <u>113,713</u> |

## Notes to the Annual Financial Statements

|  | Dec<br>2019<br>\$ | Consolidated<br>Dec<br>2018<br>\$ |
|--|-------------------|-----------------------------------|
| <b>14. Trade and other payables</b>                    |                   |                                   |
| <b>Current</b>   |                   |                                   |
| Trade payables and accruals                            | 285,078           | 1,120,751                         |
| Annual leave and other benefits                        | 104,275           | 259,140                           |
| Payroll and associated taxes                           | 94,297            | 239,513                           |
| Other payables   | 80,826            | 231,007                           |
|  | <b>564,476</b>    | <b>1,850,411</b>                  |
| <b>Non current</b>                                     |                   |                                   |
| Other payables   | 620,355           | 660,775                           |
|  | <b>620,355</b>    | <b>660,775</b>                    |
| Total Current and non current Trade and other payables | <b>1,184,831</b>  | <b>2,511,186</b>                  |

Trade payables are non-interest bearing and are normally settled on 30 day terms.

**15. Issued capital**

|                                       | No.           | \$          |
|---------------------------------------|---------------|-------------|
| Ordinary shares issued and fully paid |               |             |
| At 31 December 2018                   | 502,150,521   | 86,567,565  |
| At 31 December 2019                   | 1,317,197,554 | 100,922,544 |

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

| Fully paid ordinary share capital            | Dec 2019             |                   | Dec 2018           |                   |
|--|----------------------|-------------------|--------------------|-------------------|
|  | No.                  | \$                | No.                | \$                |
| Balance at the start of the financial period | 502,150,521          | 86,352,263        | 342,304,162        | 78,681,768        |
| Shares issued for cash                       | 558,747,301          | 5,837,473         | 102,619,608        | 5,730,232         |
| Conversion of Convertible Notes              | 240,000,000          | 2,400,000         | -                  | -                 |
| Share based payments                         | 16,299,732           | 162,998           | 57,226,751         | 3,162,871         |
| Capital raising costs                        | -                    | (729,992)         | -                  | (1,222,608)       |
| Balance at end of financial period           | <b>1,317,197,554</b> | <b>94,022,742</b> | <b>502,150,521</b> | <b>86,352,263</b> |

## Notes to the Annual Financial Statements

### 16. Reserves

#### Nature and purpose of reserves

The Share Based Payment Reserve is used to recognise the fair value of options and performance shares issued.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The convertible note reserve represents the equity component (conversion rights) on the issue of unsecured convertible notes.

|  | Dec<br>2019<br>\$  | Consolidated<br>Dec<br>2018<br>\$ |
|--|--------------------|-----------------------------------|
| <b>Reserves</b>  |                    |                                   |
| Share based payment reserve                                | 12,221,008         | 10,970,147                        |
| Foreign currency translation reserve                       | (1,707,380)        | (1,580,173)                       |
| Investment revaluation reserve                             | -                  | -                                 |
| Other reserve  | 117,015            | 157,728                           |
|  | <b>10,630,643</b>  | <b>9,547,702</b>                  |
| <i>Foreign currency translation reserve</i>                |                    |                                   |
| Balance at the beginning of the financial period           | (1,580,173)        | (671,535)                         |
| Currency translation differences arising during the period | (127,207)          | (908,638)                         |
| Balance at the end of the financial period                 | <b>(1,707,380)</b> | <b>(1,580,173)</b>                |
| <i>Share based payments reserve</i>                        |                    |                                   |
| Balance at the beginning of the financial period           | 10,970,147         | 10,223,297                        |
| Option and performance shares expense                      | 1,250,861          | 746,850                           |
| Balance at the end of the financial period                 | <b>12,221,008</b>  | <b>10,970,147</b>                 |
| <i>Investments revaluation reserve</i>                     |                    |                                   |
| Balance at the beginning of the financial period           | -                  | 17,000                            |
| Unrealised gain/(loss) on available for sale investment    | -                  | (17,000)                          |
| Balance at the end of the financial period                 | -                  | -                                 |
| <i>Convertible Note Reserve</i>                            |                    |                                   |
| Balance at the beginning of the financial period           | 157,728            | 149,369                           |
| Conversion of convertible note                             | (153,375)          | (149,369)                         |
| Issuance of convertible note                               | 112,662            | 157,728                           |
| Balance at the end of the financial period                 | <b>117,015</b>     | <b>157,728</b>                    |

## Notes to the Annual Financial Statements

|  | Consolidated        |                     |
|--|---------------------|---------------------|
|  | Dec<br>2019<br>\$   | Dec<br>2018<br>\$   |
| <b>17. Retained earnings</b>                     |                     |                     |
| Movements in accumulated losses were as follows: |                     |                     |
| Balance at the beginning of the financial year   | (77,959,064)        | (63,869,350)        |
| Adjustment on change in accounting policy        | (11,781)            | 17,000              |
| Net loss for the year                            | (2,037,513)         | (14,106,714)        |
| Balance at the end of the financial year         | <b>(80,008,358)</b> | <b>(77,959,064)</b> |

**18. Loss per share**

Basic and diluted loss per share amounts are calculated by dividing net loss for the period attributable to equity holders of the parent, by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted loss per share computations:

|   | \$          | \$           |
|---|-------------|--------------|
| Net loss from continuing operations attributable to ordinary equity holders of the parent   | (1,616,843) | (6,119,825)  |
| Net loss from continuing and discontinued operations to ordinary equity holders of the parent   | (2,037,513) | (14,106,714) |
|   | <b>No.</b>  | <b>No.</b>   |
| The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic and diluted loss per share | 889,781,765 | 449,126,834  |

There are no shares to be issued under the exercise of 104,500,121 options currently outstanding which are considered to be dilutive. The diluted earnings per share is therefore the same as basic earnings per share.

**19. Commitments**

In order to maintain current rights of tenure to the exploration tenements, the Group is required to meet the minimum expenditure commitments as specified by the relevant Government authorities. These obligations are subject to renegotiations when application for a mining lease is made and at other times. The obligations will be met from normal working capital of the Group. The minimum exploration tenement commitments will be reduced should the Group enter into a joint venture on the tenements or extinguished should the tenement be abandoned should the Group decide that the project is not commercial.

The Group has certain minimum obligations in pursuance of the terms and conditions of mineral tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to all mining tenements, and assuming all applications are granted, the Group will be required to outlay in 2020 approximately \$89,433 (2019: \$92,160). These costs are expected to be fulfilled in the normal course of operations.

## Notes to the Annual Financial Statements

### 20. Related party transactions

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in each of the subsidiaries are disclosed in Note 21.

(b) Transactions with Directors and Key Management Personnel

Details of Director and Key Management Personnel compensation are disclosed in Note 8.

(c) There were no transactions with other related parties.

### 21. Controlled entities

| 11. Controlled entities                                  | Country of Incorporation | Principal Activity             | Ownership Interest |          |
|--|--------------------------|--------------------------------|--------------------|----------|
|  |                          |                                | Dec 2019           | Dec 2018 |
| <b>Parent entity</b>                                     |                          |                                |                    |          |
| Big River Gold Ltd (formerly Crusader Resources Limited) | Australia                | Mining Investment              |                    |          |
| <b>Controlled entities</b>                               |                          |                                |                    |          |
| Brazil Minerals Pty Ltd                                  | Australia                | Mining Investment              | 100%               | 100%     |
| Atomico Pty Ltd  | Australia                | Mining Investment              | 100%               | 100%     |
| Cascar Resources Pty Ltd                                 | Australia                | Mining Investment              | 100%               | 100%     |
| Crusader do Brasil Mineração Ltda                        | Brazil                   | Mining and Mineral exploration | 100%               | 100%     |
| Cascar do Brasil Mineração Ltda                          | Brazil                   | Mineral exploration            | 100%               | 100%     |
| Crusader do Nordeste Mineração Ltda                      | Brazil                   | Mineral exploration            | 100%               | 100%     |

### 22. Segment reporting

The Group's reportable segments under AASB 8 are as follows:

- Mineral Exploration – Gold
- Mineral Exploration – Corporate/Unallocated

Mineral Exploration – Corporate/Unallocated is the aggregation of the Group's other operating segments that are not separately reportable. Included within this, are operating segments for the Group's activities in the exploration for other mineral resources, and expenditure which cannot be allocated to any one mineral resource.



### Notes to the Annual Financial Statements

The following table presents the revenue and results analysed by mineral resource for the twelve months ended 31 December 2019 and 31 December 2018. This is the Group's primary basis of segmentation.

| <b>Dec-2019</b>                              | <b>Gold</b>     | <b>Corporate/<br/>Unallocated</b> | <b>Total</b>       |
|--|-----------------|-----------------------------------|--------------------|
|  | <b>\$</b>       | <b>\$</b>                         | <b>\$</b>          |
| Revenue                                      | -               | -                                 | -                  |
| Cost of sales                                | -               | -                                 | -                  |
| Gross Profit                                 | -               | -                                 | -                  |
| Other revenue                                | -               | 313,959                           | <b>313,959</b>     |
| Fair value gain on equity investment at FVPL | -               | 2,250,000                         | <b>2,250,000</b>   |
| Exploration and evaluation                   | -               | (21,860)                          | <b>(21,860)</b>    |
| Depreciation and amortisation                | (8,920)         | (29,374)                          | <b>(38,294)</b>    |
| Finance costs                                | -               | (396,020)                         | <b>(396,020)</b>   |
| Unrealised foreign exchange loss             | -               | (48,896)                          | <b>(48,896)</b>    |
| Central administration costs                 | -               | (2,723,071)                       | <b>(2,723,071)</b> |
| Other expenses from ordinary activities      | -               | (952,661)                         | <b>(952,661)</b>   |
| Segment Result                               | <b>(8,920)</b>  | <b>(1,607,923)</b>                | <b>(1,616,843)</b> |
| <b>Dec-2018</b>                              | <b>Gold</b>     | <b>Corporate/<br/>Unallocated</b> | <b>Total</b>       |
|  | <b>\$</b>       | <b>\$</b>                         | <b>\$</b>          |
| Revenue                                      | -               | -                                 | -                  |
| Cost of sales                                | -               | -                                 | -                  |
| Gross Profit                                 | -               | -                                 | -                  |
| Other revenue                                | -               | 160,744                           | <b>160,744</b>     |
| Exploration and evaluation                   | -               | (49,501)                          | <b>(49,501)</b>    |
| Depreciation and amortisation                | (10,378)        | (20,953)                          | <b>(31,331)</b>    |
| Finance costs                                | -               | (469,994)                         | <b>(469,994)</b>   |
| Unrealised foreign exchange loss             | -               | (103,535)                         | <b>(103,535)</b>   |
| Central administration costs                 | -               | (5,605,583)                       | <b>(5,605,583)</b> |
| Other expenses from ordinary activities      | -               | (20,625)                          | <b>(20,625)</b>    |
| Segment Result                               | <b>(10,378)</b> | <b>(6,109,447)</b>                | <b>(6,119,825)</b> |

Segment loss represents the mining, mineral exploration and evaluation activities undertaken by each segment without allocation of central administration costs, interest income, rental income and unrealised foreign exchange gains and losses.

| <b>Dec-2019</b>                | <b>Gold</b>       | <b>Corporate/<br/>Unallocated</b> | <b>Total</b>      |
|--------------------------------|-------------------|-----------------------------------|-------------------|
|                                | <b>\$</b>         | <b>\$</b>                         | <b>\$</b>         |
| Current assets                 | 34,382            | 4,868,619                         | <b>4,903,001</b>  |
| Non-current assets             | 20,910,681        | 48,283                            | <b>20,958,964</b> |
| Total Assets                   | <b>20,945,063</b> | <b>4,916,902</b>                  | <b>25,861,965</b> |
| Current liabilities            | 110,902           | 475,548                           | <b>586,450</b>    |
| Non-current liabilities        | -                 | 630,488                           | <b>630,488</b>    |
| Total Liabilities              | <b>110,902</b>    | <b>1,106,036</b>                  | <b>1,216,938</b>  |
| Net Assets / (Net Liabilities) | <b>20,834,161</b> | <b>3,810,866</b>                  | <b>24,645,027</b> |

## Notes to the Annual Financial Statements

| <b>Dec-2018</b>  | <b>Gold</b>       | <b>Corporate/<br/>Unallocated</b> | <b>Total</b>      |
|--|-------------------|-----------------------------------|-------------------|
|  | <b>\$</b>         | <b>\$</b>                         | <b>\$</b>         |
| Current assets   | 149,933           | 610,521                           | <b>760,454</b>    |
| Non-current assets   | 19,399,689        | 39,803                            | <b>19,439,492</b> |
| Assets classified as held for sale   | 1,535,587         |                                   | <b>1,535,587</b>  |
| <b>Total Assets</b>  | <b>21,085,209</b> | <b>650,324</b>                    | <b>21,735,533</b> |
| Current liabilities  | 304,818           | 2,793,452                         | <b>3,098,270</b>  |
| Non-current liabilities  | -                 | 660,775                           | <b>660,775</b>    |
| Liabilities directly associated with assets<br>classified as held for sale | 35,587            | -                                 | <b>35,587</b>     |
| <b>Total Liabilities</b>   | <b>340,405</b>    | <b>3,454,227</b>                  | <b>3,794,632</b>  |
| <b>Net Assets / (Net Liabilities)</b>                                      | <b>20,744,804</b> | <b>(2,803,903)</b>                | <b>17,940,901</b> |

*Geographical Information*

The Group operates in two geographical areas being Australia (country of domicile) and Brazil.

All Australian expenditure relates to corporate and administrative activities and is included within the unallocated segment above. All external sales within iron ore segment relate to the Brazilian geographic segment.

The table below shows the carrying balances of non-current assets per segment as at 31 December 2019.

| <b>Dec-2019</b>                 | <b>Gold</b>       | <b>Corporate/<br/>Unallocated</b> | <b>Total</b>      |
|---------------------------------|-------------------|-----------------------------------|-------------------|
|                                 | <b>\$</b>         | <b>\$</b>                         | <b>\$</b>         |
| Other financial assets          | -                 | -                                 | -                 |
| Exploration and expenditure     | 20,848,286        | -                                 | <b>20,848,286</b> |
| Right of use asset              | -                 | 24,936                            | <b>24,936</b>     |
| Property, plant and equipment   | 62,395            | 23,347                            | <b>85,742</b>     |
| <b>Total non-current assets</b> | <b>20,910,681</b> | <b>48,283</b>                     | <b>20,958,964</b> |

The table below shows the carrying balances of non-current assets per segment as at 31 December 2018.

| <b>Dec-2018</b>                 | <b>Gold</b>       | <b>Corporate/<br/>Unallocated</b> | <b>Total</b>      |
|---------------------------------|-------------------|-----------------------------------|-------------------|
|                                 | <b>\$</b>         | <b>\$</b>                         | <b>\$</b>         |
| Other financial assets          | -                 | -                                 | -                 |
| Exploration and expenditure     | 19,325,779        | -                                 | <b>19,325,779</b> |
| Property, plant and equipment   | 73,910            | 39,803                            | <b>113,713</b>    |
| <b>Total non-current assets</b> | <b>19,399,689</b> | <b>39,803</b>                     | <b>19,439,492</b> |

## Notes to the Annual Financial Statements

### 23. Discontinued operations

On 31 May 2019 the Company completed the sale agreement to sell its Juruena-Novo Astro Gold projects to Meteoric Resources NL (MEI). The consideration received consisted of the following:

#### Upfront consideration

- (5) \$1,000,000 cash at settlement.
- (6) \$500,000 of MEI shares, comprised of 50,000,000 shares at a deemed issue price of 1c each at settlement (subject to voluntary escrow for a period of 12 months from the date of issue).
- (7) The 50,000,000 MEI shares were released from escrow and sold on 18 September 2019 for \$2,750,000 (5.5c per share).

#### Contingent consideration

- (8) \$750,000 of MEI shares at an issue price equal to a 5-day VWAP upon defining a mineral resource estimate in accordance with the JORC Code, at Juruena and/or Novo Astro containing at least 400,000 oz gold.
- (9) \$750,000 of MEI shares at an issue price equal to a 5-day VWAP upon the Board of Meteoric approving a decision to mine at Juruena and/or Novo Astro, pursuant to a granted mining licence.

Given that there is some uncertainty regarding the conditions 4 and 5 above, the contingent consideration has not yet been recognised.

The Juruena Gold Project is reported as a discontinued operation, due to the sale.

## Notes to the Annual Financial Statements

Financial information relating to the discontinued operation for the period to the date of disposal is set out below:

|   | 31 May<br>2019<br>\$ | 30 Dec<br>2018<br>\$ |
|---|----------------------|----------------------|
| Other income  | -                    | -                    |
| Depreciation and amortisation                                 | (4,641)              | (11,130)             |
| Other expenses from ordinary activities                       | (434,638)            | (12,044)             |
| Impairment of non current assets                              | -                    | (7,986,889)          |
| Loss before income tax expense                                | (439,279)            | (7,986,889)          |
| Income tax expense  | -                    | -                    |
| Profit (Loss) after income tax of discontinued operation      | (439,279)            | (7,986,889)          |
| Profit on sale of Juruena, after income tax                   | 18,609               | -                    |
| <b>Profit (Loss) from discontinued operations<sup>1</sup></b> | <b>(420,670)</b>     | <b>(7,986,889)</b>   |
| Net cash used in operating activities                         | (253,856)            | (12,044)             |
| Net cash from (used for) investing activities                 | -                    | (995,545)            |
| Net cash from (used for) financing activities                 | -                    | -                    |
| Net cash (outflow)/inflow from the disposal group             | (253,856)            | (1,007,589)          |
| Details of the sale of Juruena                                |                      |                      |
| Consideration received or receivable <sup>2</sup> :           |                      |                      |
| Cash  | 964,000              |                      |
| Financial assets  | 500,000              |                      |
| Receivables   | 36,486               |                      |
| Total disposal consideration                                  | 1,500,486            |                      |
| Carrying amount of net assets sold                            | (1,481,877)          |                      |
| Profit on sale before income tax                              | 18,609               |                      |
| Income tax expense  | -                    |                      |
| Profit on sale after income tax                               | 18,609               |                      |

The carrying amount of assets and liabilities as at the date of sale (31 May 2019) were:

|                                   |                  |
|-----------------------------------|------------------|
| Exploration and evaluation assets | 1,516,315        |
| Property, plant and equipment     | 28,242           |
| Other current assets              | 59,950           |
| <b>Total assets</b>               | <b>1,604,507</b> |
| Payables                          | (68,548)         |
| Employee provisions               | (54,082)         |
| <b>Total liabilities</b>          | <b>(122,630)</b> |
| <b>Net assets</b>                 | <b>1,481,877</b> |

- (1) The loss from discontinued operations of \$420,670 (2018: Loss of \$7,986,889) is attributable entirely to the owners of the Company.
- (2) The consideration received does not include the contingent consideration that might be received as performance shares should the conditions be met.

## Notes to the Annual Financial Statements

### 24. Notes to the statement of cash flows

|   | Consolidated              |                           |
|---|---------------------------|---------------------------|
|   | Dec<br>2019<br>\$         | Dec<br>2018<br>\$         |
| <b>(a) Reconciliation of cash and cash equivalents</b>  |                           |                           |
| For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following: |                           |                           |
| Cash at bank  | <u>4,313,096</u>          | <u>432,228</u>            |
| <b>(b) Reconciliation of net loss after tax to net cash flows from operating activities</b>                     |                           |                           |
| Net loss  | <b>(2,037,513)</b>        | <b>(14,106,714)</b>       |
| Adjustments for:  |                           |                           |
| Depreciation and amortisation   | 38,294                    | 31,331                    |
| Impairment of assets  | -                         | 7,963,715                 |
| Finance costs   | 78,795                    | 151,954                   |
| Share-based payments  | 1,003,021                 | 1,088,411                 |
| Disposal of assets  | (15,032)                  | 24,646                    |
| Unrealised exchange (gains)/losses  | (1,400,128)               | 892,382                   |
| Changes in net assets and liabilities:  |                           |                           |
| (Increase)/decrease in assets:  |                           |                           |
| Trade and other receivables   | (61,779)                  | 69,427                    |
| Inventory   | -                         | 1,617                     |
| Other current assets  | (199,900)                 | 124,974                   |
| Increase/(decrease) in liabilities:   |                           |                           |
| Trade and other payables  | (793,572)                 | (1,284,748)               |
| Provisions  | (478,751)                 | (169,954)                 |
| Cash generated/(used) in operating activities   | <u><b>(3,866,565)</b></u> | <u><b>(5,203,754)</b></u> |

## Notes to the Annual Financial Statements

### 25. Parent Entity

The following table presents the information regarding the parent entity for the year ended 31 December 2019 and the year ended 31 December 2018.

|                                | Dec<br>2019<br>\$  | Dec<br>2018<br>\$   |
|--------------------------------|--------------------|---------------------|
| <b>Financial position</b>      |                    |                     |
| <b>Assets</b>                  |                    |                     |
| Current assets                 | 4,345,783          | 464,266             |
| Non-current assets             | 20,602,094         | 19,995,970          |
| Total assets                   | <b>24,947,877</b>  | <b>20,460,236</b>   |
| <b>Liabilities</b>             |                    |                     |
| Current liabilities            | 292,715            | 2,519,334           |
| Non-current liabilities        | 10,133             | -                   |
| Total liabilities              | <b>302,848</b>     | <b>2,519,334</b>    |
| <b>Equity</b>                  |                    |                     |
| Issued capital                 | 94,119,344         | 86,567,567          |
| Retained earnings              | (81,400,448)       | (79,539,238)        |
| <i>Reserves</i>                |                    |                     |
| Option premium reserve         | 11,809,118         | 10,970,147          |
| Investment revaluation reserve | -                  | -                   |
| Other reserve                  | 117,016            | 157,728             |
| Total equity                   | <b>24,645,029</b>  | <b>17,940,902</b>   |
| <b>Financial performance</b>   |                    |                     |
| Profit/(Loss) for the period   | (1,849,430)        | (10,210,306)        |
| Other comprehensive income     | -                  | -                   |
| Total comprehensive income     | <b>(1,849,430)</b> | <b>(10,210,306)</b> |

#### *Contingent liabilities of the parent entity*

Other than as disclosed at Note 28, the Parent entity is not aware of any other contingent liabilities at the date of this report (2018: nil).

### 26. Non-cash transactions

During the year, the Group did not enter into any non-cash financing or investing transactions other than as disclosed elsewhere in the financial report.

### 27. Subsequent events

Following balance date the Company reviewed its board composition and succession planning and implemented the following changes:

On 1 January 2020:

- Mr Stephen Copulos resigned as Non-executive Chairman and was replaced by Mr Andrew Richards as Executive Chairman;
- Mr Beau Nicholls and Mr John Cathcart were appointed as Non-executive Directors.

On 2 March 2020 the Company appointed Mr Luis Pablo Carlin Diaz as Vice President, Operations, for the wholly owned Borborema project (based in Brazil).

## Notes to the Annual Financial Statements

On 20 March 2020 the Company issued 768,981 Shares for the conversion of Options (exercisable at \$0.02, expiring 30 June 2021) which raised \$15,379.

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The Group considers this to be a non-adjusting post balance sheet event.

This has had a negative impact on the operations of the Group. The Group's operations are located in Brazil and travel by management and consultants from Australia is currently not possible due to the mandatory government suspension of all international travel to contain the spread of the epidemic.

As the situation remains fluid (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

### **28. Contingent assets and liabilities**

The Group is not aware of any contingent liabilities which existed as at the end of the financial period or that have arisen as at the date of this report.

At the date of this report a contingent asset existed in relation to deferred consideration from the sale of the Posse Iron Ore Mine.

**DIRECTORS' DECLARATION**

1. The Directors declare that:

- (a) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion the attached Financial Statements and Notes thereto are in accordance with the Corporations Act 2001 (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated entity;
- (c) in the Directors' opinion, the Financial Statements and Notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 2(a); and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 (Cth).

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001 (Cth).

*On behalf of the Directors*



Andrew Richards  
**Executive Chairman**  
Perth  
31 March 2020



# Independent Auditor's Report to the members of Big River Gold Limited

## Report on the Audit of the Financial Report

### *Opinion*

We have audited the financial report of Big River Gold Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2019, 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, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *Basis for Opinion*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 for the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

| Key Audit Matter  | How the scope of our audit responded to the Key Audit Matter  |
|---|---|
| <p><b>Exploration and Evaluation Assets and Expenditure</b></p> <p>As at 31 December 2019 the carrying value of exploration and evaluation assets totalled \$20,848,286 as disclosed in Note 12. The Group's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 2.</p> <p>Significant judgement is required by management in determining:</p> <ul style="list-style-type: none"> <li>• The areas of interest that meet the recognition conditions for an asset;</li> <li>• Which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest; and</li> <li>• Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment at balance date.</li> </ul> | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Assessing, with the support of the component audit team, whether the rights to tenure of the areas of interest remained current at balance date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;</li> <li>• Inquiring of the directors and management as to the status of ongoing exploration programmes for each area of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest;</li> <li>• Assessing the Group's future intention for each area of interest, including reviewing future budgeted expenditures and related work programmes;</li> <li>• Evaluating whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and</li> <li>• Testing on a sample basis, exploration and evaluation expenditure incurred and capitalised during the year.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Note 12 to the financial statements.</p> |

#### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the Directors for the Financial Report*

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

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

## *Auditor's Responsibilities for the Audit of the Financial Report*

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

As part of an audit in accordance with 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 Group'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 Group'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 Group 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group'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 pages 20 to 26 of the Directors' Report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Big River Gold Limited, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

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

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

**DELOITTE TOUCHE TOHMATSU**

A handwritten signature in blue ink, consisting of a stylized initial "D" followed by a horizontal line.

**D K Andrews**

Partner

Chartered Accountants

Perth, 31 March 2020

The Board of Directors  
Big River Gold Limited  
Level 9, 190 St Georges Terrace  
Perth WA 6000  
Australia

31 March 2020

Dear Board Members

**Big River Gold Limited**

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

As lead audit partner for the audit of the financial statements of Big River Gold Limited for the financial year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

**DELOITTE TOUCHE TOHMATSU**

**D K Andrews**  
Partner  
Chartered Accountants

## ADDITIONAL ASX INFORMATION

The additional information dated 27 March 2020 is required by the ASX Limited Listing Rules and is not disclosed elsewhere in this report.

### Distribution of Shareholders

|                  | Numbers      |
|------------------|--------------|
| 1 - 1,000        | 50           |
| 1,001 – 5,000    | 13           |
| 5,001 – 10,000   | 23           |
| 10,001 – 100,000 | 520          |
| 100,001 and over | 485          |
| <b>TOTAL</b>     | <b>1,091</b> |

There were 209 holders of less than marketable parcel of ordinary shares.

### Twenty Largest Shareholders

| Shareholder   | Number of Shares   | Percentage    |
|---|--------------------|---------------|
| EYEON INVESTMENTS PTY LTD<br><EYEON INVESTMENTS FAMILY A/C>                   | 202,947,130        | 15.40%        |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                                     | 170,430,521        | 12.93%        |
| COPULOS SUPERANNUATION PTY LTD<br><COPULOS PROVIDENT FUND A/C>                | 151,939,829        | 11.53%        |
| SUPERMAX PTY LTD<br><SUPERMAX SUPER FUND A/C>                                 | 74,868,718         | 5.68%         |
| WESTPARK OPERATIONS PTY LTD<br><WESTPARK OPERATIONS UNIT A/C>                 | 74,015,381         | 5.62%         |
| SPACETIME PTY LTD<br><COPULOS EXEC S/F NO 1 A/C>                              | 73,543,914         | 5.58%         |
| BNP PARIBAS NOMINEES PTY LTD<br><IB AU NOMS RETAILCLIENT DRP>                 | 36,917,899         | 2.80%         |
| FARJOY PTY LTD  | 30,197,338         | 2.29%         |
| CITICORP NOMINEES PTY LIMITED   | 29,560,284         | 2.24%         |
| GUTHRIE CAD/GIS SOFTWARE PTY LTD  | 17,250,000         | 1.31%         |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                                     | 16,562,275         | 1.26%         |
| CONSTANTINOU EQUITIES PTY LTD   | 12,500,000         | 0.95%         |
| SHAYDEN NOMINEES PTY LTD  | 11,666,667         | 0.89%         |
| PAUL CONSTANTINOU SUPERANNUATION FUND PTY LTD<br><PAUL CONSTANTINOU SMSF A/C> | 10,190,685         | 0.77%         |
| CHRIKIM PTY LTD<br><GEOFFREY WRIGHT INCOME A/C>                               | 10,000,000         | 0.76%         |
| GUTHRIE CAD/GIS SOFTWARE PTY LTD<br><GUTHRIE SUPER FUND A/C>                  | 9,500,000          | 0.72%         |
| MR BASIL CATSIPORDAS  | 9,000,000          | 0.68%         |
| AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED                                 | 7,882,368          | 0.60%         |
| RETZOS EXECUTIVE PTY LTD<br><RETZOS EXECUTIVE S/FUND A/C>                     | 7,865,528          | 0.60%         |
| BNP PARIBAS NOMS PTY LTD<br><DRP>   | 7,551,724          | 0.57%         |
| <b>Total</b>  | <b>964,390,261</b> | <b>73.17%</b> |

**Substantial Shareholders**

| Shareholder          | Number of Shares |
|----------------------|------------------|
| Copulos Group        | 508,750,553      |
| SG Hiscock & Company | 111,695,049      |
| Chris Retzos         | 84,015,381       |

**Quoted Options - ASX Code: BRVO (exercisable at \$0.02, expiring 30 June 2022)**

|                  | Numbers    |
|------------------|------------|
| 1 - 1,000        | 20         |
| 1,001 – 5,000    | 37         |
| 5,001 – 10,000   | 24         |
| 10,001 – 100,000 | 70         |
| 100,001 and over | 90         |
| <b>TOTAL</b>     | <b>241</b> |

There were 126 holders of less than marketable parcel of Options.

**Twenty Largest Holders**

| Holder   | Number of Options  | Percentage    |
|--|--------------------|---------------|
| COPULOS SUPERANNUATION PTY LTD<br><COPULOS PROVIDENT FUND A/C>         | 45,833,334         | 25.70%        |
| EYEON INVESTMENTS PTY LTD<br><EYEON INVESTMENTS FAMILY A/C>            | 27,500,000         | 15.42%        |
| SUPERMAX PTY LTD<br><SUPERMAX SUPER FUND A/C>                          | 27,500,000         | 15.42%        |
| SPACETIME PTY LTD<br><COPULOS EXEC S/F NO 1 A/C>                       | 9,166,667          | 5.14%         |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                              | 7,335,958          | 4.11%         |
| CHRIKIM PTY LTD<br><GEOFFREY WRIGHT INCOME A/C>                        | 4,566,622          | 2.56%         |
| SHAYDEN NOMINEES PTY LTD   | 3,555,557          | 1.99%         |
| SEIRAN PTY LTD<br><ANANKE SUPERFUND A/C>                               | 3,400,000          | 1.91%         |
| MR DANIEL AARON HYLTON TUCKETT   | 3,234,960          | 1.81%         |
| MR IAIN LESLIE REITMAN   | 2,758,555          | 1.55%         |
| CITICORP NOMINEES PTY LIMITED  | 1,995,854          | 1.12%         |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                              | 1,978,019          | 1.11%         |
| MR JOHN DEREK HARDISTY &<br>MRS FANG XU<br><HARDISTYXU1 SUPERFUND A/C> | 1,883,211          | 1.06%         |
| TB HOLDINGS AUSTRALIA PTY LTD<br><TC HOLDINGS A/C>                     | 1,666,667          | 0.93%         |
| MABRA PTY LTD<br><MABRA INVESTMENTS A/C>                               | 1,666,667          | 0.93%         |
| RIVERVIEW CORPORATION PTY LTD  | 1,666,667          | 0.93%         |
| MR MICHAEL DAMIAN  | 1,559,127          | 0.87%         |
| MR CLEMENT FREDERICK DEVINE  | 1,200,000          | 0.67%         |
| LEEJAMES NOMINEES PTY LTD<br><THE HEPBURN SUPER FUND A/C>              | 1,000,000          | 0.56%         |
| MR CHRISTIAN SASHA FINI  | 1,000,000          | 0.56%         |
| <b>Total</b>   | <b>150,467,865</b> | <b>84.38%</b> |

**Unquoted Options**

At 27 March 2020, the following unquoted options were on issue:

| Grant Date  | Number on Issue | Exercise Price | Expiry Date | No. of Holders |
|-------------|-----------------|----------------|-------------|----------------|
| 30 May 2018 | 75,377,144      | \$0.055        | 31 May 2020 | 62             |

**Unquoted Option holdings greater than 20% in any class**

| Option Holder             | Exercise Price | Expiry Date | Number     |
|---------------------------|----------------|-------------|------------|
| Eyeon Investments Pty Ltd | \$0.055        | 31 May 2020 | 18,134,472 |

**Voting Rights**

The voting rights attaching to each class of securities are set out below:

- a) Ordinary Shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each shares shall have one vote.
- b) Options: No voting rights

**On-market buy back**

There is currently no on-market buy back program for any of the Company's securities.

**Stock Exchange Listing**

Big River Gold Limited's ordinary shares are quoted on ASX Limited. The home exchange is Perth.



**Schedule of Mining Tenements**

| Location   | Description  | Ownership |
|------------|--------------|-----------|
| Borborema  | 805.049/1977 | 100%      |
| Borborema  | 840.149/1980 | 100%      |
| Borborema  | 840.152/1980 | 100%      |
| Borborema  | 948.262/2014 | 100%      |
| Espinharas | 846.128/2005 | 100%      |
| Espinharas | 846.134/2005 | 100%      |
| Espinharas | 846.136/2005 | 100%      |
| Espinharas | 846.140/2005 | 100%      |
| Espinharas | 846.208/2012 | 100%      |
| Espinharas | 846.209/2012 | 100%      |
| Espinharas | 846.210/2012 | 100%      |
| Manga      | 860.057/2016 | 100%      |
| Mara Rosa  | 860.957/2012 | 100%      |
| Mara Rosa  | 860.958/2012 | 100%      |
| Mara Rosa  | 860.959/2012 | 100%      |
| Seridó     | 846.158/2011 | 100%      |
| Seridó     | 846.227/2011 | 100%      |
| Seridó     | 846.502/2011 | 100%      |
| Seridó     | 846.503/2011 | 100%      |
| Seridó     | 846.504/2011 | 100%      |
| Seridó     | 846.505/2011 | 100%      |
| Seridó     | 848.011/2015 | 100%      |
| Seridó     | 846.130/2012 | 100%      |
| Seridó     | 846.131/2012 | 100%      |
| Seridó     | 846.313/2012 | 100%      |
| Seridó     | 846.316/2012 | 100%      |
| Seridó     | 846.506/2011 | 100%      |
| Seridó     | 846.604/2011 | 100%      |
| Seridó     | 846.635/2011 | 100%      |
| Seridó     | 846.637/2011 | 100%      |
| Seridó     | 846.638/2011 | 100%      |
| Seridó     | 846.639/2011 | 100%      |
| Seridó     | 846.640/2011 | 100%      |
| Seridó     | 846.643/2011 | 100%      |
| Seridó     | 846.644/2011 | 100%      |
| Seridó     | 846.651/2011 | 100%      |
| Seridó     | 846.654/2011 | 100%      |
| Seridó     | 848.281/2014 | 100%      |
| Seridó     | 848.055/2015 | 100%      |

| Location | Description  | Ownership |
|----------|--------------|-----------|
| Seridó   | 848.208/2016 | 100%      |
| Seridó   | 848.093/2013 | 100%      |
| Seridó   | 848.007/2015 | 100%      |
| Seridó   | 846.124/2018 | 100%      |
| Seridó   | 848.029/2019 | 100%      |