



GTI RESOURCES LTD

ABN 33 124 792 132

ANNUAL REPORT

FOR THE YEAR ENDED

31 December 2019

## CORPORATE DIRECTORY

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### Directors

Bruce Lane *Executive Director*  
Murray McDonald *Non-Executive Chairman*  
Nathan Lude *Non-Executive Director*

### Contact Information

Telephone: +61 8 9226 2011  
Facsimile: +61 8 9226 2099  
Email: [info@gtiresources.com.au](mailto:info@gtiresources.com.au)  
Web: [www.gtiresources.com](http://www.gtiresources.com)

### Company Secretary

John Kay

### Registered & Principal Office

Level 1, 89 St Georges Terrace  
Perth WA 6000

### Share Registry

Advanced Share Registry Services Pty Ltd  
110 Stirling Highway  
Nedlands WA 6009  
Telephone: +61 8 9389 8033

### Bankers

National Australia Bank Limited  
50 St Georges Terrace  
Perth WA 6000

### Stock Exchange Listing

Australian Securities Exchange  
ASX Code - **GTR**

### Auditor

Stantons International Audit & Consulting Pty Ltd  
Level 2, 1 Walker Avenue  
West Perth WA 6005

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## DIRECTORS' REPORT

The Company presents its financial report for the consolidated entity consisting of GTI Resources Limited (**GTI or Company**) and the entities it controls (**Consolidated Entity or Group**) at the end of, or during, the year ended 31 December 2019.

## REVIEW OF OPERATIONS

### Utah Uranium and Vanadium Project

During the year, GTI completed the acquisition of 100% of Voyager Energy Pty Ltd which has the exclusive right to acquire a suite of highly prospective uranium and vanadium exploration projects located in the Henry Mountains mining district of Utah, USA (see ASX announcements from 1/07/2019 & 20/08/2019).

Chemical assay results from a pre-acquisition due diligence program sampling program at the Jeffrey claim group confirmed the high-grade uranium & vanadium potential of the project (see ASX releases on 25 Feb & 28 Oct 2019).

The sampling program involved collection of grab samples from outcrops and underground mine workings and was conducted by SRK Consulting (Denver office). The assay results, when combined with previously reported XRF assay results (ASX Announcement dated 1 July 2019), further confirmed the presence of high-grade uranium and vanadium mineralisation within the claim groups acquired by GTI.

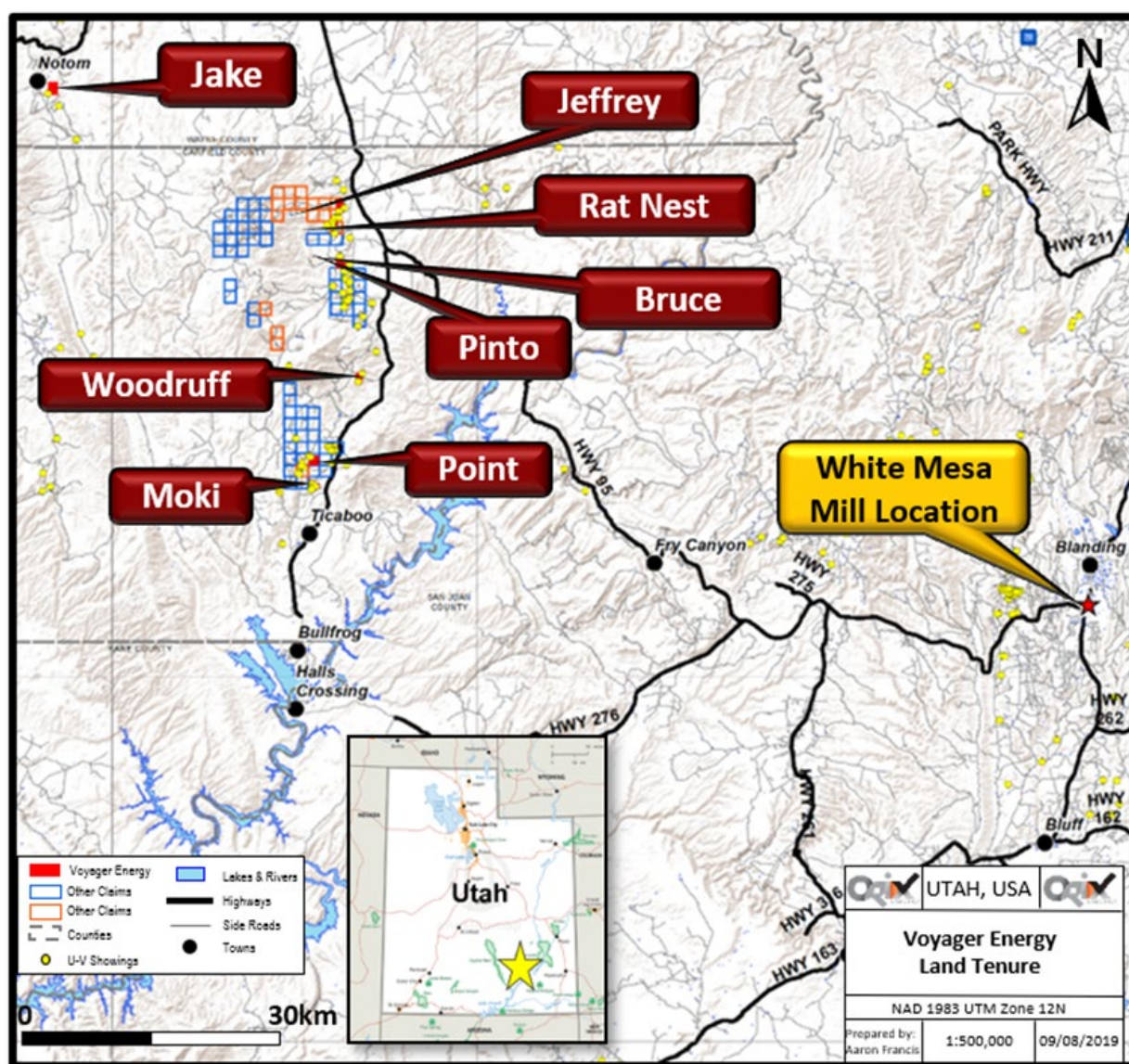


Figure 1: Henry Mountains (Utah) Claim Groups Location Map

## Niagara Gold Project – Western Australia

During the year, GTI applied for three new prospecting licences (P40/1515, P40/1516 and P40/1517) at the Company's 100% owned Niagara Gold Project. The new licences cover 4.14 km<sup>2</sup> and include a number of historical gold workings which were mined during the late 1890's and early 1900's.

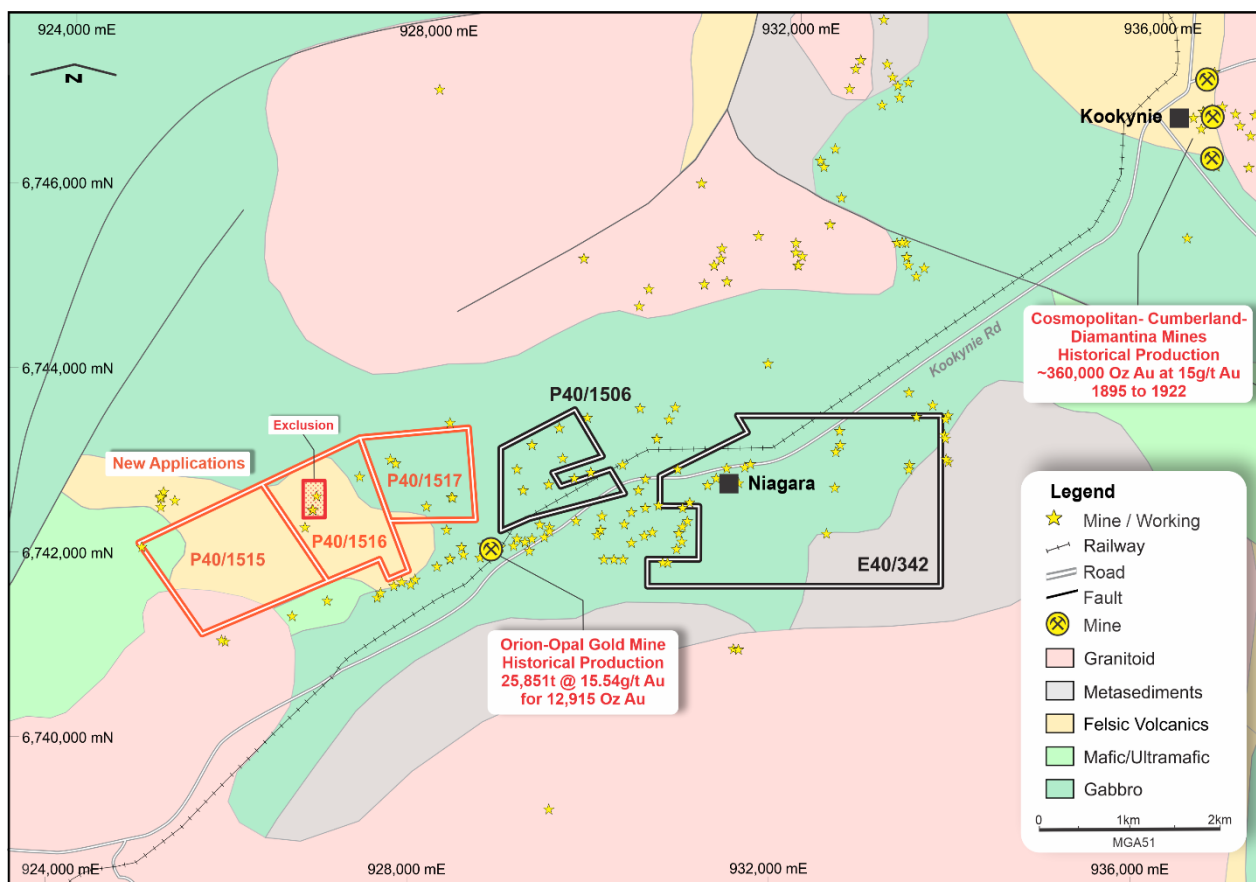


Figure 2. Niagara Project – New Licences and Mineral Occurrences on 1:500,000 Geology.

The Niagara project is located ~6km southwest of Kookynie, in the central goldfields of WA. The project comprises one granted exploration licence, E40/342 and four prospecting licence applications, P40/1506, P40/1515, P40/1516 and P40/1517 which were recently pegged and applied for. Access to the project is provided via Goldfields Highway from the town of Menzies and the sealed Kookynie Road which bisects the northern part of exploration licence E40/342 and the southern part of P40/1506. (see Figure 2.)

The project is located within the central part of the Norseman-Wiluna greenstone belt. The geology of the Kookynie-Niagara area is characterised by large rafts of semi-continuous greenstone stratigraphy within the Mendleyarri monzogranite batholith. Numerous historical workings occur within and to the north of the project area, with a number of major historical mines located in the immediate vicinity of Kookynie, including the Cosmopolitan Mine which produced approximately 360,000 ounces of gold at an average grade of 15 g/t gold from underground mining between 1895 and 1922.

The Niagara project area is predominantly covered by lateritic regolith with some areas of alluvium and colluvium. Outcrops of meta-sediments, mafic volcanics and granites occur in the southern part and south of E40/342, with minor outcrops of granitoids and mafic and felsic volcanics occurring within the prospecting licences.

The new prospecting licence applications, P40/1515, P40/1516 and P14/1517 include a number of historical mining shafts and shallow workings which were mined during the late 1890's and early 1900's. A number of small-scale workings and historical shafts also occur within P40/1506 and E40/342.

Exploration completed by historical workers within E40/342, has been limited to broadly spaced soil sampling and limited reconnaissance drilling programs, with the majority of the work undertaken in areas outside the current E40/342 licence area. Exploration within P40/1506, P40/1515, P40/1516 and P40/1517 during the late 1980's and 1990's, comprised trenching, sampling and shallow first pass drilling, primarily focused on the historical workings. As a result, the Niagara project remains essentially untested.

During late March 2020, the Company commenced an auger soil sampling program, 197 samples on 100m x 100m spacing's, to investigate the potential for economic gold mineralisation within E40/342.

Based on the results of the geochemical soil sampling and field mapping, a program of RC or Aircore drilling will be designed to follow up on any anomalous targets.

### **Meekatharra VMS Project – Western Australia**

During the year, GTI continued its evaluation of the prospectivity of the Meekatharra VMS Project (E51/1556).

### **Competent Person Statements:**

The information in this announcement that relates to the Exploration Results on the Henry Mountains project is based on information compiled and fairly represented by Matthew Hartmann. Mr. Hartmann is a Senior Consultant with SRK Consulting (U.S) Inc. with over 18 years of experience in mineral exploration and project evaluation. Mr. Hartmann is a Member of the Australasian Institute of Mining and Metallurgy (318271) and a Registered Member of the Society of Mining, Metallurgy and Exploration (4170350RM). Mr Hartmann has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which has been undertaken in 2019, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of exploration results, Mineral Resources and Ore Reserves. Mr Hartmann provides his consent to the inclusion in this report of the matter based on this information in the form and context in which it appears.

Information in this release that relates to Exploration Results on the Western Australian projects is based on information compiled by Mr Andrew Rust, who is a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Rust is a full-time employee of Shearwater Australia Proprietary Limited. Mr Rust is engaged by GTI Resources Limited as an independent consultant. Mr Rust has sufficient experience which 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'. Mr Rust consents to the inclusion in this release of the matters based on his information in the form and context in which it appears

## **CORPORATE**

### Placement

During the year, the Company had successfully completed the following:

- a placement to sophisticated investors of 100,000,000 shares at an issue price of \$0.01 (conducted over two separate tranches), raising a total of \$1,000,000 (before costs); and
- a fully underwritten non-renounceable entitlements issue of 101,409,070 Shares to shareholders on a 1:2 basis at an issue price of \$0.01 per Share, raising \$1,014,091 (before costs).

### Board Changes

At completion of the acquisition of Voyager Energy Pty Ltd, on 3 September 2019:

- Mr Bruce Lane joined the Board as Executive Director;
- Mr Murray McDonald resigned from his role as Executive Director and continues in the capacity of Non-Executive Chairman;
- Ms Emma Gilbert resigned from her role as Non-Executive Director;
- Mr Frank Campagna resigned as Company Secretary; and
- Mr John Kay was appointed as Company Secretary.

## DIRECTORS' REPORT (continued)

### DIRECTORS

The names of Directors who held office during the year and up to the date of signing this report, unless otherwise stated are:

Bruce Lane	<i>Executive Director</i>	<i>Appointed 03.09.2019</i>
Murray McDonald	<i>Non-Executive Chairman</i>	<i>Appointed 03.09.2019</i>
	<i>Resigned as Executive Director 03.09.2019</i>	
Nathan Lude	<i>Non-Executive Director</i>	
Emma Gilbert	<i>Non-Executive Director</i>	<i>Resigned 03.09.2019</i>

### PRINCIPAL ACTIVITIES

The activities of the Group and its subsidiaries during the year ended 31 December 2019 was to explore mineral tenements in Utah (United States) and Western Australia.

### DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year (31 December 2018: Nil).

### FINANCIAL SUMMARY

The Group made a net loss after tax of \$596,060 for the financial year ended 31 December 2019 (31 December 2018: profit \$158,111). At 31 December 2019, the Group had net assets of \$2,666,864 (31 December 2018: \$300,692) and cash and cash equivalents of \$1,340,140 (31 December 2018: \$440,930).

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial year and to the date of this report are set out in the review of operations above.

### EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

The Company relinquished its rights to the Meekatharra VMS Project (E51/1556) subsequent to the end of the year.

Thankfully, no positive COVID-19 (Coronavirus) cases have been reported amongst the Company's employee and contractor base. However, GTI are taking pre-emptive precautions to protect our employees, contractors, their families and their communities. The Company has implemented a work from home policy and limited travel. We believe that this decision is aligned and in the best interests of all our stakeholders.

There have been no other events of a material nature or transaction, that have arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

### INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

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<b>Mr Bruce Lane</b>	<b>Executive Director (appointed 3 September 2019)</b>
Qualifications	BComm, Msc, GAICD
Experience	Mr Lane has held leadership roles with a number of ASX listed companies and significant blue-chip companies in Europe and Australasia. He has experience in a range of industries including resources, consumer & industrial products and venture capital.

Mr Lane has successfully managed the acquisition of new assets for a number of ASX listed companies and numerous private & public capital raisings including Initial Public Offerings, mergers and Reverse Take Overs, via the ASX.

Equity Interests 652,174 ordinary shares.

Other ASX listed directorships None

Former directorships in the last three years of ASX listed companies Ansila Energy NL - appointed 24 May 2018, retired 29 November 2019

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**Mr Murray McDonald** **Non-Executive Chairman (appointed 3 September 2019)**  
**Executive Chairman (appointed 5 April 2007 to 3 September 2019)**

Qualifications CPA, AusIMM, FINSIA

Experience In 1995 Mr McDonald floated Legend Mining Limited leaving the Company to advance other interests and the listing of GTI Resources in 2007.

Mr McDonald has broad management and operating expertise ranging from the acquisition of large mining operations, joint venture negotiations, tenement acquisition, regulatory approvals to resource funding and implementation.

Mr McDonald is a Member of the Australasian Institute of Mining & Metallurgy, the Financial Services Institute of Australasia and is a Certified Practising Accountant.

Equity Interests 21,550,001 ordinary shares and 25,000,000 options over ordinary shares with an exercise price of \$0.08.

Other ASX listed directorships None

Former directorships in the last three years of ASX listed companies None

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**Mr Nathan Lude** **Non-Executive Director (appointed 3 July 2018)**

Qualifications BBus, Msud

Experience Mr Lude has broad experience working in Asset Management, Mining and the Energy Industry. He operates a boutique advisory firm, Advantage Management Pty Ltd and works with private and public companies, focused on enhancing business growth and development through introducing new investors and capital. Mr Lude has worked in a Business Development Management role for a large Canadian Energy Company and previously held the Managing Director position for a listed ASX mining company. Since 2007, he has been involved in asset and fund management. His business network spreads across Australia and Asia and has strong ties with Australian broking firms, institutions, Asian investors and institutions.

Equity Interests None

Other ASX listed directorships Frontier Resources Limited – appointed 3 July 2019  
 Ansila Energy NL – appointed 16 May 2016

Former directorships in the last three years of ASX listed companies Roto-Gro Limited – appointed 28th February 2019, retired 30th June 2019

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**Ms Emma Gilbert****Non-Executive Director (appointed 15 June 2010 to 3 September 2019)**

## Experience

For the past 17 years Ms Gilbert has been involved in the mining industry, having acquired extensive experience in accounting and management ranging from joint venture negotiations, company secretarial services and overseeing financial activities.

Ms Gilbert has served in an accounting and administration role which has included liaison with the Australian Securities Exchange (ASX), Company auditors, various financial institutions and government departments. She has extensive experience in development and management of mine accounting and financial control systems, including large overseas gold mining operations and the Gidgee Gold mine.

Other ASX listed directorships None

Former directorships in the last three years of ASX listed companies None

**Company Secretary**

**Mr John Kay**, Appointed 3 September 2019

B.Law.

Mr Kay has over 12 years' experience as a corporate and commercial lawyer, including practicing as a senior associate for Perth corporate law firm Steinepreis Paganin. John is currently a Non-Executive Director of StarGroup Ltd.

**Former Company Secretary**

**Frank Campagna**, Appointed 15 June 2010, resigned 3 September 2019

B.Bus (Acc), CPA

Mr Campagna was appointed Company Secretary of GTI Resources on 15 June 2010. Mr Campagna is a Certified Practising Accountant with over 25-year experience as Company Secretary, Chief Financial Officer and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

**Audit Committee**

The Board has established a separate audit committee currently comprising the full Board. Mr McDonald, the Chair of the Audit Committee, is a qualified Certified Practising Accountant and has the relevant knowledge and experience to chair the Committee.

The audit committee operates in accordance with a written charter. The audit committee oversees accounting and reporting practices and is also responsible for:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- co-ordination and appraisal of the quality of the audits conducted by the external auditor;
- determination of the independence and effectiveness of the external auditor and assessment of whether non-audit services have the potential to impair the auditor independence;
- reviewing the adequacy of the reporting and accounting controls of the Company.

**Remuneration Committee**

At the date of this report, the Company does not have a separately constituted Remuneration Committee and as such, no separate committee meetings were held during the year. All resolutions made in respect of remuneration matters were dealt with by the full Board.

## DIRECTORS' REPORT (continued)

### Meetings of Directors

During the financial year, one (1) meeting of Directors and one (1) meeting of the Audit and Risk Committee were held. The Directors have met regularly throughout the year in an informal capacity with a number of substantive matters being resolved via circular resolutions. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
B Lane <sup>(1)</sup>	1	1	-	-
M McDonald	1	1	1	1
N Lude	1	1	1	1
E Gilbert <sup>(2)</sup>	-	-	1	1

1 Mr Lane, Executive Director, was appointed on 3 September 2019.

2 Ms Gilbert, Non-Executive Director, resigned on 3 September 2019.

### REMUNERATION REPORT (AUDITED)

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

- A. Introduction
- B. Remuneration governance
- C. Key management personnel
- D. Remuneration and performance
- E. Remuneration structure
  - Executive
  - Non-Executive directors
- F. Executive service agreements
- G. Details of remuneration
- H. Share based compensation
- I. Other information

This report details the nature and amount of remuneration for each Director and key management personnel of GTI Resources Limited.

#### A. INTRODUCTION

The remuneration policy of the Company has been designed to align Director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives, based on key performance areas affecting the Group's financial results. Key performance areas include cash flow management, growth in share price and successful exploration and subsequent exploitation of the Group's tenements. The Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and Directors to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

During the year the Company did not engage remuneration consultants.

**REMUNERATION REPORT (AUDITED) (continued)****B. REMUNERATION GOVERNANCE**

The Board retains overall responsibility for remuneration policies and practices of the Company. Due to the Company's size and current stage of development, the Board has not established a separate nomination and remuneration committee. This function (Remuneration Function) is performed by the Board.

The Board aims to ensure that the remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood, and
- acceptable to Shareholders.

At the 2018 annual general meeting, the Company's remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

**C. KEY MANAGEMENT PERSONNEL**

The key management personnel in this report are as follows:

*Executive*

- B Lane (Executive Director) – appointed 3 September 2019

*Non-Executive Directors*

- M McDonald (Non-Executive Chairman) – transitioned to Non-Executive Chairman on 3 September 2019
- N Lude (Non-Executive Director) – appointed 3 July 2018

*Executives – Former*

- M McDonald (Executive Chairman) – appointed 5 April 2007 and transitioned to Non-Executive Director on 3 September 2019

*Non-Executives – Former*

- E Gilbert (Non-Executive Director) – appointed 15 June 2010 and resigned 3 September 2019

**D. REMUNERATION AND PERFORMANCE**

The following table shows the gross revenue, net (losses)/profit attributable to members of the Company and share price of the Company at the end of the current and previous four financial years.

	<b>31 December 2019 \$</b>	<b>31 December 2018 \$</b>	<b>31 December 2017 \$</b>	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
Revenue from continuing operations	57,780	686,648	45,355	34,545	278,685
Net (loss)/profit attributable to members of the Company	(596,060)	158,111	(1,232,388)	(474,457)	(333,575)
Share price	0.0080	0.0089	0.0187	0.0179	0.0105

**REMUNERATION REPORT (AUDITED) (continued)**

**E. REMUNERATION STRUCTURE**

**Executive remuneration structure**

The Board's policy for determining the nature and amount of remuneration for senior executives of the Group is as follows. The remuneration policy, setting the terms and conditions for executive directors and other senior executives, was developed and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives. The Board reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share option and performance rights plans. If an executive is invited to participate in an employee share option or performance rights plan arrangement, the issue and vesting of any equity securities will be dependent on performance conditions relating to the executive's role in the Group and/or a tenure based milestone.

The employees of the Group receive a superannuation guarantee contribution required by the Government, which is currently 9.50%, and do not receive any other retirement benefits.

**Non-Executive remuneration structure**

In line with corporate governance principles, Non-Executive Directors of the Company are remunerated primarily by way of fees and statutory superannuation. Non-Executive Directors fees are set at the lower end of market rates for comparable companies for time, responsibilities and commitments associated with the proper discharge of their duties as members of the Board. As the fees are set at the lower end of market rates, Non-Executive Directors are able to participate in the employee share option or performance rights plans.

Non-Executive Directors' fees and payments are reviewed annually by the Board. For the year ended 31 December 2019, remuneration for a Non-Executive Director/Chairman ranged between \$18,000 to \$36,000 per annum exclusive of superannuation. There are no termination or retirement benefits paid to Non-Executive Directors (other than statutory superannuation). The maximum aggregate amount of fees that can be paid to Non-Executive Directors, which was subject to approval by shareholders as part of the replaced constitution at the annual general meeting which occurred on 26 May 2008, is \$200,000 per annum.

In order to align their interests with those of shareholders, the Non-Executive Directors are encouraged to hold shares in the Company.

In addition to her Non-Executive Director fees, Ms Gilbert also receives a fee for management of financial and administration activities for the Company. For the services Ms Gilbert has an employment contract, details of which have been provided below:

Name	Effective date	Term of agreement	Notice period	Base salary per annum <sup>(1)</sup> \$	Superannuation	Termination payments
Emma Gilbert	1-Jun-08	No fixed term	4 weeks	73,693	9.50%	4 weeks

<sup>1</sup> Base salary is based upon full time equivalent, currently Ms Gilbert has a part time committed to the Company.

Ms Gilbert resigned her position as Director on 3 September 2019. However, continued her role in the management of financial and administration activities for the company.

REMUNERATION REPORT (AUDITED) (continued)

F. EXECUTIVE SERVICE AGREEMENTS

Remuneration and other terms of employment for directors and key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the share and performance rights plans are subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below. Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

Contractual arrangement with key management personnel

Executives

Name	Effective date	Term of agreement	Notice period	Base salary per annum \$	Superannuation	Termination payments
Bruce Lane <sup>(1)</sup> , Executive Director	3-Sep-19	No fixed term	3 months	109,589	9.5%	6 months

1 Mr Lane (Executive Director) – appointed Executive Director 3 September 2019.

Executives – Former

Name	Effective date	Term of agreement	Notice period	Base salary per annum \$	Superannuation	Termination payments
Murray McDonald <sup>(1)</sup> , Executive Chairman	15-May-18	No fixed term	-	108,000	11.11%	-

1 Mr McDonald (Executive Chairman) – appointed 5 April 2007 and transitioned to Non-Executive role on 3 September 2019.

## REMUNERATION REPORT (AUDITED) (continued)

## G. DETAILS OF REMUNERATION

Details of remuneration of the Directors of the Company is set out below.

Remuneration of the Directors for the 2019 financial year is set out below:

	Short-term benefits			Post-employment benefits			Share based payments	Total
	Director fees / salaries	Other fees <sup>(5)</sup>	Settlement amount <sup>(6)</sup>	Super-annuation	Annual leave <sup>(1)</sup>	Termination	Options	
	\$	\$	\$	\$	\$	\$	\$	
<b>Executive Directors</b>								
B Lane <sup>(2)</sup>	36,530	-	-	3,470	4,215	-	-	44,215
<b>Non-Executive Directors</b>								
M McDonald <sup>(3)</sup>	13,140	-	-	-	-	-	-	13,140
N Lude	29,000	-	-	2,755	-	-	-	31,755
<b>Executive – Former</b>								
M McDonald <sup>(3)</sup>	81,000	-	(11,444)	9,000	-	-	-	78,556
<b>Non-Executive – Former</b>								
E Gilbert <sup>(4)</sup>	12,000	19,802	(30,990)	3,021	-	-	-	3,833
<b>Total</b>	171,670	19,802	(42,434)	18,246	4,215	-	-	171,499

1 The amount disclosed represent unused annual leave as at 31 December 2019.

2 Mr Lane was appointed as Executive Director on 3 September 2019.

3 Mr McDonald transitioned from Executive Chairman to Non-Executive Chairman on 3 September 2019.

4 Ms Gilbert resigned as Non-Executive Director on 3 September 2019.

5 In addition to her Non-Executive Director fees, Ms Gilbert also receives a fee for management of financial and administration activities for the Company.

6 For the prior year, Directors Mr McDonald and Ms Gilbert accrued entitlements from the 2016 and 2018 financial years. During the current year, upon resignation of their Executive and Non-Executive positions respectively, the entitlements and outstanding provisions were settled for Mr McDonald and Ms Gilbert. As a result of the settlement an amount of \$14,909 and \$32,629 was forgiven by Mr McDonald and Ms Gilbert respectively. The forgiven entitlements have been recognised in the Statement of Profit or Loss as other income.

The following table sets out each KMP's relevant interest in fully paid ordinary shares and options to acquire shares in the Company, as at 31 December 2019:

Name	Fully paid ordinary shares	Options
B Lane	652,174	-
M McDonald	21,550,001	25,000,000
N Lude	-	-

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

Remuneration of the Directors and Secretary for the 2018 financial year is set out below:

	Short-term benefits		Post-employment benefits		Share based payments	Total
	Cash salary	Other <sup>(1)</sup>	Super-annuation	Termination	Options <sup>(2)</sup>	
	\$	\$	\$	\$	\$	
<b>Executives</b>						
M McDonald	177,083	4,613	17,708	-	-	199,404
<b>Non-Executive Directors</b>						
E Gilbert	39,537	2,880	4,046	-	-	46,463
Y Sucipto <sup>(3)</sup>	-	-	-	-	-	-
N Lude <sup>(4)</sup>	12,000	-	1,140	-	-	13,140
<b>Company Secretary</b>						
F Campagna	-	10,080	-	-	-	10,080
<b>Total</b>	<b>228,620</b>	<b>17,573</b>	<b>22,894</b>	<b>-</b>	<b>-</b>	<b>269,087</b>

1 Other benefits include entitlement to annual leave not taken as at 31 December 2018.

2 Options granted as part of remuneration have been valued in accordance with AASB 2 – Share Based Payments.

3 Mr Sucipto resigned on 3 July 2018.

4 Mr Lude was appointed as Non-Executive Director on 3 July 2018.

#### H. SHARE BASED COMPENSATION

During the year ended 31 December 2019 there was no share-based compensation provided to Directors (31 December 2018: nil).

##### Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense for the 2019 and 2018 financial years:

	Fixed remuneration	At risk STI	At risk LTI	Fixed remuneration	At risk STI	At risk LTI
	2019			2018		
<b>Executives – Current</b>						
B Lane <sup>(1)</sup>	100%	-	-			
<b>Non-Executive Directors – Current</b>						
M McDonald <sup>(2)</sup>	100%	-	-			
N Lude <sup>(3)</sup>	100%	-	-	100%	-	-
<b>Executives – Former</b>						
M McDonald <sup>(2)</sup>	100%	-	-	100%	-	-
E Gilbert <sup>(4)</sup>	100%	-	-	100%	-	-
<b>Non-Executive Director – Former</b>						
Y Sucipto <sup>(5)</sup>				100%	-	-

1 Mr Lane was appointed as Executive Director on 3 September 2019.

2 Mr McDonald transitioned from Executive Chairman to Non-Executive Chairman on 3 September 2019.

3 Mr Lude was appointed as Non-Executive Director on 3 July 2018.

4 Ms Gilbert resigned as Non-Executive Director on 3 September 2019.

5 Mr Sucipto resigned on 3 July 2018.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

#### Reconciliation of equity instruments held by KMP

The following table sets out a reconciliation of each KMP's relevant interest in ordinary shares and options to acquire shares in the Company:

	Balance at the start of the year/period	Granted/ Acquired	Exercised/ Vested	Lapsed	Other changes	Balance at year end
<b>Executive Directors</b>						
B Lane <sup>(1)</sup>						
Fully paid ordinary shares	-	652,174	-	-	-	652,174
Options	-	-	-	-	-	-
<b>Non-Executive Directors</b>						
M McDonald <sup>(2)</sup>						
Fully paid ordinary shares	21,250,001	300,000	-	-	-	21,550,001
Options	25,000,000	-	-	-	-	25,000,000
N Lude						
Fully paid ordinary shares	-	-	-	-	-	-
Options	-	-	-	-	-	-
<b>Non-Executive Directors - Former</b>						
E Gilbert <sup>(3)</sup>						
Fully paid ordinary shares	-	-	-	-	-	-
Options	-	-	-	-	-	-

1 Mr Lane was appointed as Executive Director on 3 September 2019.

2 Mr McDonald transitioned from Executive Chairman to Non-Executive Chairman on 3 September 2019

3 Ms Gilbert resigned as Non-Executive Director on 3 September 2019.

None of the fully paid ordinary shares above are held nominally by the Directors or any other KMP.

## I. OTHER INFORMATION

### Unissued ordinary shares

Unissued ordinary shares under option at the date of this report are 115,137,500 and broken-down as follows:

- Share options issued to Directors, employees, consultants and vendors 115,137,500.

Options over ordinary shares have an average exercise price of \$0.052.

**This concludes the Remuneration Report which has been audited.**

## ENVIRONMENTAL REGULATIONS

The Company's policy is to comply with, or exceed, its environmental obligations in each jurisdiction in which it operates. No known environmental breaches have occurred.

## INDEMNIFYING OFFICERS

During the financial year, the Company paid a premium in respect of a policy insuring the Company's Directors, secretaries, executive officers and any related body corporate against a liability incurred as such a director, secretary or officer to the extent permitted by the *Corporations Act 2001*. The policy of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has entered into Deeds of Indemnity, Insurance and Access with the Company's Directors, Secretary and Executive Officers.

## **DIRECTORS' REPORT (continued)**

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of the related body corporates against a liability incurred as such an officer or auditor.

### **PROCEEDINGS ON BEHALF OF COMPANY**

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

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

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 31 December 2019 has been received and can be found on page 16.

### **AUDITOR'S REMUNERATION**

During the financial year no fees were paid or payable for other services provided by related entities of Stantons International.

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

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*.



**Murray McDonald**  
Non-Executive Chairman  
Perth, Western Australia  
31 March 2020

31 March 2020

Board of Directors  
GTI Resources Limited  
Level 1, 89 St George Terrace  
PERTH WA 6008

Dear Directors,

**RE: GTI RESOURCES 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 GTI Resources Limited.

As Audit Director for the audit of the financial statements of GTI Resources Limited for the 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

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**



**Martin Michalik**  
Director

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

		<b>Group 2019</b>	<b>Company 2018 (restated)</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>			
Other income	2	57,780	686,648
Gain on investment	9	20	-
<b>Expenses</b>			
Exploration and evaluation written off	8	(217,650)	(129,098)
Depreciation and amortisation expense		(1,089)	(310)
Other expenses	3	(435,121)	(398,959)
Loss on investment	9	-	(170)
(Loss)/Profit before income tax		(596,060)	158,111
Income tax benefit	4	-	-
(Loss)/Profit attributable to the owners of the Company		(596,060)	158,111
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(5,953)	-
Other comprehensive loss for the year, net of tax		(5,953)	-
Total comprehensive (loss)/profit for the year attributable to the owners of GTI Resources Ltd		(602,013)	158,111
(Loss)/Profit per share for loss from continuing operations attributable to the ordinary equity holders			
Basic and diluted (loss)/profit per share (cents per share)	18	(0.23)	0.12

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

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

	<b>Note</b>	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
<b>Current assets</b>			
Cash and cash equivalents	6	1,340,140	440,930
Other receivables and prepayments	7	24,097	6,588
Total current assets		1,364,237	447,518
<b>Non-current assets</b>			
Exploration and evaluation	8	1,509,147	-
Plant and equipment		1,206	996
Financial assets at fair value through profit or loss	9	300	280
Total non-current assets		1,510,653	1,276
<b>Total assets</b>		<b>2,874,890</b>	<b>448,794</b>
<b>Current liabilities</b>			
Trade and other payables	10	72,200	92,922
Deferred consideration	5	129,721	-
Provisions	11	6,105	51,542
Director's unsecured loan	12	-	3,638
Total current liabilities		208,026	148,102
<b>Total liabilities</b>		<b>208,026</b>	<b>148,102</b>
<b>Net assets</b>		<b>2,666,864</b>	<b>300,692</b>
<b>Equity</b>			
Issued capital	15(a)	10,190,370	7,367,871
Share based payment reserve	15(c)	908,882	763,196
Foreign exchange reserve	15(c)	(5,953)	-
Accumulated losses	15(b)	(8,426,435)	(7,830,375)
<b>Total equity</b>		<b>2,666,864</b>	<b>300,692</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

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

		<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Company</b>					
<b>As at 1 January 2018</b>		<b>6,241,092</b>	<b>763,196</b>	<b>(7,988,486)</b>	<b>(984,198)</b>
Profit for the year		-	-	158,111	158,111
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	158,111	158,111
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	15(a)	1,126,709	-	-	1,126,709
Share issue expenses	15(a)	70	-	-	70
<b>As at 31 December 2018</b>		<b>7,367,871</b>	<b>763,196</b>	<b>(7,830,375)</b>	<b>300,692</b>
<b>Group</b>					
Loss for the year		-	-	(596,060)	(596,060)
Other comprehensive loss		-	(5,953)	-	(5,953)
Total comprehensive loss for the year		-	(5,953)	(596,060)	(602,013)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	15(a)	3,178,715	-	-	3,178,715
Share issue expenses	15(a)	(356,532)	-	-	(356,532)
Contribution from options issued during the year	15(a)	316			316
Options expense recognised during the year	16(a)	-	145,686	-	145,686
<b>As at 31 December 2019</b>		<b>10,190,370</b>	<b>902,929</b>	<b>(8,426,435)</b>	<b>2,666,864</b>

*This above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

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

	<b>Note</b>	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
<b>Cash flows from operating activities</b>			
Payments in the normal course of business		(480,690)	(292,539)
Other income	2	10,000	-
Interest received		188	-
<b>Net cash used in operating activities</b>	25	(470,502)	(292,539)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,299)	-
Payments for exploration and evaluation expenditure		(639,758)	(129,098)
<b>Net cash used in investing activities</b>		(641,057)	(129,098)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	15	2,014,091	956,709
Proceeds from issue of options		316	-
Share issue costs		-	70
Repayment of borrowings	12	(3,638)	(100,000)
<b>Net cash generated from financing activities</b>		2,010,769	856,779
<b>Net increase in cash and cash equivalents</b>		899,210	435,142
Cash and cash equivalents at the beginning of the year		440,930	5,788
<b>Net cash and cash equivalents at the year</b>	6	1,340,140	440,930

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. SEGMENT INFORMATION**

Management has determined that the Group has two reportable segments, being exploration in Western Australia and Utah, United States. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. The Board monitors the Group based on actual versus budgeted expenditure incurred by segment. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing activities, while also taking into consideration the results that has been performed to date. During the prior year, the Group only had one reportable segment being exploration in Western Australia.

	Revenue from external sources \$	Reportable segment profit/(loss) \$	Reportable segment assets <sup>(1)</sup> \$	Reportable segment liabilities \$
<i>For year ended 31 December 2019</i>				
<b>Exploration – Uranium/Vanadium, Utah Project</b>				
Exploration activity	-	-	1,509,147	(139,212)
<b>Exploration – Meekatharra VMS Project</b>				
Exploration activity	10,000	(217,650)	-	(4,243)
<b>Corporate activities</b>	47,800	(378,410)	1,365,743	(64,571)
<b>Total</b>	<b>57,800</b>	<b>(596,060)</b>	<b>2,874,890</b>	<b>(208,026)</b>
<i>For year ended 31 December 2018</i>				
<b>Exploration – Meekatharra VMS Project</b>				
Exploration activity	-	(129,098)	-	(564)
<b>Corporate activities</b>	686,648	287,209	448,794	(147,538)
<b>Total</b>	<b>686,648</b>	<b>158,111</b>	<b>448,794</b>	<b>(148,102)</b>

<sup>1</sup> Corporate activities include cash held of \$1,340,140 for the year ended 31 December 2019 and \$435,930 for the year ended 31 December 2018.

**2. OTHER INCOME**

Note	Group 2019 \$	Company 2018 \$
Directors remuneration and entitlements forgiveness <sup>(1)</sup>	47,538	686,648
Interest income	242	-
Other income	10,000	-
<b>Total other income</b>	<b>57,780</b>	<b>686,648</b>

<sup>1</sup> During the current year, Mr McDonald and Ms Gilbert have agreed to waive \$14,909 and \$32,629, respectively, which accounted for all outstanding employee entitlements from the 2016 and 2018 financial years.

During the prior year, on 19 March 2018, the shareholders approved to issue 10,000,000 shares at deemed issue price of 1.7 cents to the Executive Chairman, Murray McDonald. Mr McDonald has agreed to waive \$686,648 which accounted for all outstanding salary and employment entitlements after the issue of the shares due from the Company with effect from 19 March 2018.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**3. EXPENSES**

	Note	Group 2019 \$	Company 2018 \$
(Loss)/Profit before income tax includes the following specific items:			
Exploration and evaluation expense written off	8	217,650	129,098
Administrative expenses			
Employee benefits expense		122,934	217,741
Directors fees		67,552	-
Advisory Costs		88,185	51,119
Compliance Costs		69,960	61,808
Consultants		48,793	34,572
Office costs		24,244	6,646
Insurance costs		6,491	16,634
Other administrative expenses		6,962	10,439
		435,121	398,959

**4. TAXATION**

	Group 2019 \$	Company 2018 \$
<b>Income tax benefit</b>		
Current tax	-	-
Deferred tax	-	-
Income tax benefit	-	-
<b>Reconciliation of income tax to prima facie tax payable</b>		
(Loss)/Profit before income tax	(596,060)	158,111
Income tax (benefit)/expense at 27.5% (31 December 2018: 27.5%)	(163,917)	43,481
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other permanent differences	5,620	239
Temporary differences	-	126,397
Deferred taxes relating to gain or unused tax losses not recognised	158,297	(170,117)
Total income tax benefit	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**4. TAXATION (continued)**

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
<i>Unrecognised deferred tax assets</i>		
Deferred tax assets not recognised relate to the following:		
Tax losses	2,135,187	1,892,015
Other	3,970	14,174
Net deferred tax assets unrecognised	2,139,157	1,906,189

**Significant accounting judgment**

*Deferred tax assets*

The Group expects to have carried forward tax losses, which have not been recognised as deferred tax assets, as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions. The utilisation of the tax losses in Australia is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that taxable profits will be available against which deductible temporary difference can be utilised.

**5. ASSET ACQUISITION**

On 3 September 2019, the Company announced the successful acquisition of 100% of the issued capital of Voyager Energy Pty Ltd and its subsidiary Voyager Energy LLC (Voyager). Through Voyager, the Company is now the owner of eight strategically located properties in Utah, USA prospective for uranium and vanadium mineralisation, being the Jake, Jeffrey, Moki, Point, Pinto, Woodruff, Rat Nest and Bruce claims.

	<b>Note</b>	<b>3 September 2019 \$</b>
<b>Current assets</b>		
Cash and cash equivalents		581
<b>Non-Current assets</b>		
Exploration and evaluation expenditure	8	1,284,366
<b>Total assets</b>		<b>1,284,947</b>
<b>Current Liabilities</b>		
Borrowings		204,947
<b>Total liabilities</b>		<b>204,947</b>
<b>Net assets</b>		<b>1,080,000</b>

In consideration for 100% equity in Voyager Energy Pty Ltd and the entities it controls, GTI is to issue 90,000,000 fully paid ordinary shares. A total of 79,189,944 fully paid ordinary shares were issued on 3 September 2019 and 10,810,056 fully paid ordinary shares due and owing on Completion, which amounted to \$129,721, will only be issued at such time when all the claims are perfected by the Bureau of Land Management.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 ASSET ACQUISITION** (continued)

The fair value of consideration issued on 3 September 2019 was \$1,080,000, which was by reference to the fair value of the net assets acquired.

	<b>Note</b>	<b>3 September 2019</b> <b>\$</b>
<b>Fair value of net assets acquired</b>		1,080,000
<b>Consideration to be provided for assets acquired</b>		
Ordinary shares	15	950,279
Deferral shares	10	129,721
		<b>1,080,000</b>

In accordance with the Group's Accounting Policy at Note 28(h) the acquired exploration and evaluation expenditure has been capitalised in the Consolidated Statement of Financial Position and the deferral shares have been recognised as payable in the Consolidated Statement of Financial Position.

*Deferred consideration*

In consideration for the acquisition of 100% equity in Voyager Energy Pty Ltd and the entities it controls, the Company is to issue 90,000,000 fully paid ordinary shares. 79,189,944 fully paid ordinary shares were issued on 3 September 2019 and 10,810,056 fully paid ordinary shares are due and owing in consideration for the Jake, Jeffrey, Moki, Point, Pinto, Woodruff, Rat Nest and Bruce claims in Utah. The fair value of the 10,810,056 fully paid ordinary shares due is \$129,721. As at the date of this report the shares had not yet been issued.

**Significant accounting judgments**

*Asset acquisition not constituting a Business*

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

In determining when an acquisition is determined to be an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applied to those inputs has the ability to create outputs.

Management determined that the acquisition of eight strategically located properties in Utah, USA was an asset acquisition.

*Fair value of asset acquisition*

During the financial year 79,189,944 fully paid ordinary shares were issued on 3 September 2019 and 10,810,056 fully paid ordinary shares are due and owing in consideration for the Jake, Jeffrey, Moki, Point, Pinto, Woodruff, Rat Nest and Bruce claims in Utah. The fair value of consideration was by reference to the fair value of assets and liabilities acquired in accordance with AASB 2. The fair value of the shares granted by the Company was determined to be \$1,080,000.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**6. CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Cash at bank		1,339,772	435,562
Petty cash		368	368
Cash advance		-	5,000
		<b>1,340,140</b>	<b>440,930</b>

**Risk exposure**

Refer to Note 17 for details of the risk exposure and management of the Group's cash and cash equivalents.

**Cash advance**

As at 31 December 2018, a \$5,000 cash advance had been provided to Mr McDonald. In addition, an interest-free loan of \$3,638 had been received from Mr McDonald, see Note 12. During the year the cash advance and loan were offset, with the remaining balance of \$1,362 being recognised as travel expense for expenditure incurred by Mr McDonald.

**7. OTHER RECEIVABLES AND PREPAYMENT**

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Other receivables	15,110	6,588
Prepayments	8,987	-
	<b>24,097</b>	<b>6,588</b>

The Group has no impairments to other receivables or have receivables that are past due but not impaired.

Due to the short-term nature of the current trade and other receivables, their carrying amount is assumed to be the same as their fair value.

Other receivables are generally due for settlement within 30 days and are therefore classified as current.

Refer to Note 17 for details of the risk exposure and management of the Group's trade and other receivables.

**8. EXPLORATION AND EVALUATION**

	<b>Note</b>	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Balance at 1 January		-	-
Claim acquisition cost	5	1,284,366	-
Exploration expenditure incurred <sup>(1)</sup>		442,431	129,098
Exploration expenditure written off <sup>(2)</sup>		(217,650)	(129,098)
Balance at 31 December		<b>1,509,147</b>	<b>-</b>

<sup>1</sup> Exploration expenditure includes a portion of Directors and employee benefits expense.

<sup>2</sup> Costs written off are in relation to the Group's Western Australian projects

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. EXPLORATION AND EVALUATION ASSET (continued)**

**Significant accounting estimates and assumptions**

*Impairment of capitalised exploration and evaluation expenditure*

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

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

**Significant accounting judgement**

*Capitalisation of exploration and evaluation expenditure*

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

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Financial assets at fair value through profit or loss comprise of listed equity securities in the ASX listed Aquis Entertainment Ltd.

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Opening balance	280	450
Revaluation gain/(loss) recognised in profit or loss	20	(170)
Closing balance	300	280

**Significant accounting estimates, assumptions and judgements**

*Classification of financial assets at fair value through profit or loss*

Investments are designated at fair value through profit or loss where management have made the election in accordance with AASB 9: *Financial Instruments*.

*Fair value for financial assets at fair value through profit or loss*

Information about the methods and assumptions used in determining fair value is provided in Note 13.

The financial assets at fair value through profit or loss are denominated in Australia dollars.

**10. TRADE AND OTHER PAYABLES**

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Trade payables	27,945	28,717
Other payables and accruals	30,255	-
Director entitlements	14,000	64,205
	<b>72,200</b>	<b>92,922</b>

Trade and other payables are normally settled within 30 days from receipt of invoice. All amounts recognised as trade and other payables, are expected to settle within 12 months.

The carrying value of trade and other payables are assumed to be the same as their fair value, due to their short-term nature.

Refer to Note 17 for details of the risk exposure and management of the Group's trade and other payables.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. TRADE AND OTHER PAYABLES (continued)**

*Director Entitlements*

For the prior year, Director entitlements relate to accrued entitlements for Mr McDonald and Ms Gilbert from the 2016 and 2018 financial years. During the current year, upon resignation of their Executive and Non-Executive positions respectively, the entitlements and outstanding provisions were settled for Mr McDonald and Ms Gilbert. A sum of \$50,000 was paid to Mr McDonald for settlement of outstanding entitlements and provisions. An amount of \$20,000 (excluding superannuation) is to be paid to Ms Gilbert, over a period of 10 months for settlement of outstanding provisions. As at 31 December 2019, an amount of \$14,000 remains outstanding. As a result of the settlement, an amount of \$14,909 and \$32,629 was forgiven by Mr McDonald and Ms Gilbert respectively. The forgiven entitlements have been recognised in the Statement of Profit or Loss as other income.

**11. PROVISIONS**

The current provision for employee benefits relate to annual leave which is provided for all employees of the Group in line with their employment contracts and the balance for the year ended 31 December 2019 is expected to be settled within 12 months. The measurement and recognition criteria relating to employee benefits have been included in Note 28(r) to this report.

For the prior period, employee benefits relate to accrued entitlements for Mr McDonald and Ms Gilbert from the 2016 and 2018 financial years. During the current year, upon resignation of their Executive and Non-Executive positions respectively, the entitlements and outstanding provisions were settled for Mr McDonald and Ms Gilbert, see Note 10 for further details.

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Employee benefits	6,105	51,542

**12. DIRECTOR'S UNSECURED LOAN**

During the prior period, an interest-free loan of \$3,638 was provided by Mr McDonald. The loan was interest free and unsecured.

During the year, the loan was fully offset with a cash advance provided, see Note 6.

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Director's unsecured loan	-	3,638

**13. FAIR VALUES OF FINANCIAL INSTRUMENTS**

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

**Fair value hierarchy**

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

The following table presents financial assets and financial liabilities measured and recognised at fair value on a recurring basis as at 31 December 2019 and 31 December 2018:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 31 December 2019</b>				
Financial assets at fair value through profit or loss	300	-	-	300
<b>As at 31 December 2018</b>				
Financial assets at fair value through profit or loss	280	-	-	280

There was no transfer between levels for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes. The Group measures fair values by level, per the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

**Valuation techniques used to determine fair values**

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

*Financial assets at fair value through profit or loss*

The fair value of the equity holdings held in Aquis Entertainment Ltd is based on the quoted market prices from the ASX on the last traded price prior to year-end.

**14. DIVIDENDS**

No dividends have been declared or paid for the year ended 31 December 2019 (31 December 2018: nil).

**15. ISSUED CAPITAL**

**(a) Issued capital**

	2019 Shares	2018 Shares	2019 \$	2018 \$
Fully paid	464,851,697	163,818,139	10,190,370	7,367,871

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. ISSUED CAPITAL (continued))**

*Movements in ordinary share capital during the current and prior financial period are as follows:*

Details	Date	Number of shares	Issue price/share \$	\$
Balance at 1 January 2018		93,166,669		6,241,092
Issue of shares	22-Mar-18	13,975,000	0.017	237,575
Issue of shares	8-Jun-18	42,300,000	0.017	719,100
Share based payment	8-Jun-18	3,376,470		34
Share based payment	8-Jun-18	10,000,000	0.017	170,000
Plus: Share issue costs				70
<b>Balance at 31 December 2018</b>		<b>162,818,139</b>		<b>7,367,871</b>
Issue of shares	16-Jul-19	24,422,721	0.01	244,227
Issue of shares	3-Sep-19	15,577,279	0.01	155,773
Acquisition of Voyager Energy (Note 5)	3-Sep-19	79,189,944	0.012	950,279
Share based payment (Note 16(b)) <sup>(1)</sup>	3-Sep-19	350,000	0.01	3,500
Issue of shares	9-Sep-19	60,000,000	0.01	600,000
Share based payment (Note 16(b)) <sup>(1)</sup>	9-Sep-19	6,000,000	0.01	60,000
Issue of shares	25-Sep-19	101,409,070	0.01	1,014,091
Share based payment (Note 16(b)) <sup>(1)</sup>	25-Sep-19	6,084,544	0.01	60,845
Share based payment (Note 16(b)) <sup>(1)</sup>	25-Sep-19	9,000,000	0.01	90,000
Contribution from Options Issued during the year	25-Sep-19	-		316
Less: Share issue costs (Note 16)				(356,532)
<b>Balance at 31 December 2019</b>		<b>464,851,697</b>		<b>10,190,370</b>

<sup>1</sup> Share based payments have been made at fair value of services received for corporate advisory and geological services.

**(b) Accumulated losses**

	Group 2019 \$	Company 2018 \$
Balance at 1 January	(7,830,375)	(7,988,486)
Net (loss)/profit attributable to owners of the Company	(596,060)	158,111
Balance at 31 December	(8,426,435)	(7,830,375)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. ISSUED CAPITAL (continued)**

**(c) Reserves**

The following table shows a breakdown of the reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided.

	<b>Note</b>	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
<b>Share based payments reserve</b>			
Balance at 1 January		763,196	763,196
Options expense – Advisor share options	16(a)	145,686	-
Balance at 31 December		908,882	763,196
<b>Foreign currency translation reserve</b>			
Balance at 1 January		-	-
Currency translation differences arising during the year		(5,953)	-
Balance at 31 December		(5,953)	-

*Share based payments reserve*

The share based payments reserve is used to recognise: (a) the grant date fair value of options issued but not exercised; (b) the grant date fair value of market based performance rights granted to directors, employees, consultants and vendors but not yet vested; and (c) the fair value non-market based performance rights granted to directors, employees, consultants and vendors but not yet vested.

*Foreign currency translation reserve*

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income as described in Note 28(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

**16. SHARE BASED PAYMENTS**

Share-based payment transactions are recognised at fair value in accordance with AASB 2.

The total movement arising from share-based payment transactions recognised during the year were as follows:

	<b>Note</b>	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
As part of capitalised exploration expense			
Shares issued	16(b)	3,500	-
As part of administrative expense			
Shares issued		-	170,000
Recognised in equity as a capital raising cost			
Options issued	16(a)	145,686	-
Shares issued	16(b)	210,846	34
		360,032	170,034

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**16. SHARE-BASED PAYMENTS** (continued)

During the year the Group had the following share-based payments:

**(a) Share options**

The GTI Resources Limited share options are used to reward Directors, employees, consultants and vendors for their performance and to align their remuneration with the creation of shareholder wealth through the performance requirements attached to the options. Options are granted at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

Set out below are summaries of options granted:

	31 December 2019		31 December 2018	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	\$0.059	85,137,500	\$0.080	50,000,000
Granted during the period	\$0.030	30,000,000	\$0.030	35,137,500
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Closing balance	\$0.052	115,137,500	\$0.059	85,137,500
Vested and exercisable	\$0.052	115,137,500	\$0.059	85,137,500

	Grant date	Expiry date	Exercise price	31 December 2019	31 December 2018
				Number of options	Number of options
(i)	16-May-17	30-Jun-21	\$0.080	50,000,000	50,000,000
(ii)	08-Jun-18	30-Dec-21	\$0.030	35,137,500	35,137,500
(iii)	25-Sep-19	25-Sep-21	\$0.030	30,000,000	-
				115,137,500	85,137,500
Weighted average remaining contractual life of options outstanding at the end of the year:				1.78 years	2.71 years

The fair value of option issued is measured by reference to the value of the goods or services received. The fair value of services received in return for share options granted to Directors and employees and consultants is measured by reference to the fair value of options granted. The fair value of services received by advisors couldn't be reliably measured and are therefore measured by reference to the fair value of the equity instruments granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. The life of the options including early exercise options are built into the option model. The fair value of the options are expensed over the expected vesting period.

The model inputs for options granted during the year included:

Series	Exercise price	Expiry (years)	Share price at grant date	Expected volatility <sup>(1)</sup>	Dividend yield	Risk free interest rate <sup>(2)</sup>	Option value
(iii)	\$0.030	2.3	\$0.015	88%	0%	0.73%	\$0.0049

<sup>1</sup> The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information.

<sup>2</sup> Risk free rate of securities with comparable terms to maturity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**16. SHARE-BASED PAYMENTS** (continued)

The total expense arising from options issued during the reporting period as part of capital raising cost was as follows:

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Advisory options	145,686	-

**(b) Share capital to vendors**

During the financial year:

- On 3 September 2019, 350,000 shares were issued to Alex Risk in consideration for geological services. The fair value of services received by advisors couldn't be reliably measured and are therefore measured by reference to the fair value of the equity instruments granted. This was determined to be \$3,500. This amount has been recognised in the Consolidated Statement of Financial Position under exploration expenditure;
- On 9 September 2019, 6,000,000 shares were issued to CPS Capital Investments Pty Ltd in consideration for capital raising fees. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined to be 6% of the placement issued which amounted to \$60,000. This amount has been recognised in the Consolidated Statement of Financial Position under equity as a capital raising cost;
- On 25 September 2019, 6,084,544 shares were issued to CPS Capital Investments Pty Ltd or its nominees in consideration for capital raising fees. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined to be 6% of the placement issued which amounted to \$60,846. This amount has been recognised in the Consolidated Statement of Financial Position under equity as a capital raising cost;
- On 25 September 2019, 9,000,000 shares were issued to CPS Capital Investments Pty Ltd or its nominees in consideration for facilitating placement and entitlement issues and supporting previous capital raisings. The fair value of services received by advisors couldn't be reliably measured and are therefore measured by reference to the fair value of the equity instruments granted. This was determined to be \$90,000. This amount has been recognised in the Consolidated Statement of Financial Position under equity as a capital raising cost.

**Significant accounting estimates, assumptions and judgements**

*Estimation of fair value of share-based payments*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using the Black-Scholes model taking into account the assumptions detailed within this note.

*Probability of vesting conditions being achieved*

Inputs to pricing models may require an estimation of reasonable expectations about achievement of future vesting conditions. Vesting conditions must be satisfied for the counterparty to become entitled to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement.

Vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time) or completion of performance hurdles.

The Group recognises an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested.

The achievement of future vesting conditions are reassessed each reporting period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**17. FINANCIAL AND CAPITAL RISK MANAGEMENT**

**Overview**

The financial risks that arise during the normal course of the Group's operations comprise market risk, credit risk and liquidity risk. In managing financial risk, it is policy to seek a balance between the potential adverse effects of financial risks on financial performance and position, and the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various risk management methods available to manage them.

*General objectives, policies and processes*

The Board is responsible for approving policies on risk oversight and management and ensuring management has developed and implemented effective risk management and internal control. The Board receives reports as required from the Managing Director in which they review the effectiveness of the processes implemented and the appropriateness of the objectives and policies it sets. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

These disclosures are not, nor are they intended to be an exhaustive list of risks to which the Group is exposed.

*Financial Instruments*

The Group has the following financial instruments:

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
<b>Financial assets</b>		
Cash and cash equivalents	1,340,140	440,930
Other receivables	15,110	6,588
Other financial assets	300	280
	<b>1,355,550</b>	<b>447,798</b>
<b>Financial liabilities</b>		
Trade payables	27,945	28,717
Other payables and accruals	30,255	-
Director entitlements	14,000	64,205
Borrowings	-	3,638
	<b>72,200</b>	<b>96,560</b>
<b>Net financial assets</b>	<b>1,283,350</b>	<b>351,238</b>

**(a) Market Risk**

Market risk can arise from the Group's use of interest-bearing financial instruments, foreign currency financial instruments and equity security instruments and exposure to commodity prices. It is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rate (currency risk), equity securities price risk (price risk) and fluctuations in commodity prices (commodity price risk).

**(i) Interest rate risk**

The Board manages the Group's exposure to interest rate risk by regularly assessing exposure, taking into account funding requirements and selecting appropriate instruments to manage its exposure. As at the 31 December 2019, the Group has interest-bearing assets, being cash at bank (31 December 2018 cash at bank).

As such, the Group's income and operating cash flows is not highly dependent on material changes in market interest rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

*Sensitivity analysis*

The Group does not consider this to be a material risk/exposure to the Group and have therefore not undertaken any further analysis.

The weighted average effective interest rate of funds on deposit is 1.40% (31 December 2018: nil).

(ii) Currency risk

The Group operates in the United States and Australia and maintains a corporate listing in Australia. As a result of various operating locations, the Group is exposed to foreign exchange risk arising from fluctuations, primarily in the United States Dollar (USD).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Group manages risk by matching receipts and payments in the same currency and monitoring movements in exchange rates. The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

As at year end, the Group does not consider this to be a material risk/exposure to foreign currency risk.

*Sensitivity analysis*

The Group does not consider this to be a material risk/exposure to the Group and have therefore not undertaken any further analysis.

(iii) Price risk

The Group's only equity investments are publicly traded on the ASX.

To manage its price risk arising from investments in equity securities, management monitors the price movements of the investment and ensures that the investment risk falls within the Group's framework for risk management.

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position see Note 9.

*Sensitivity analysis*

The Group does not consider this to be a material risk/exposure to the Group and have therefore not undertaken any further analysis.

(iv) Commodity price risk

As the Group has not yet entered into mineral or energy production, the risk exposure to changes in commodity price is not considered significant.

**(b) Credit risk**

Credit risk arises from cash and cash equivalents and deposits with financial institutions, as well as trade receivables. Credit risk is managed on a Group basis. For cash balances held with bank or financial institutions, only independently rated parties with a minimum rating of '-AA' are accepted.

The Board are of the opinion that the credit risk arising as a result of the concentration of the Group's assets is more than offset by the potential benefits gained.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised, none of which are impaired or past due.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

*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:

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Cash and cash equivalents	1,340,140	440,930
Other receivables	15,110	6,588
	<b>1,355,250</b>	<b>447,518</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
<b>Cash at bank and short-term deposits</b>		
<i>Held with Australian banks and financial institutions</i>		
AA- S&P rating	1,339,772	435,562
A+ S&P rating	-	-
Unrated	368	5,368
<b>Total</b>	<b>1,340,140</b>	<b>440,930</b>

**(c) Liquidity risk**

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. Through continuous monitoring of forecast and actual cash flows the Group manages liquidity risk by maintaining adequate reserves to meet future cash needs. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

*Maturities of financial liabilities*

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

	<b>Less than 6 months \$</b>	<b>6 - 12 months \$</b>	<b>1 - 5 years \$</b>	<b>Over 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying amount of liabilities \$</b>
<b>At 31 December 2019 – Group</b>						
Trade payables	27,945	-	-	-	27,945	27,945
Other payables and accruals	30,255	-	-	-	30,255	30,255
Director entitlements	14,000	-	-	-	14,000	14,000
<b>At 31 December 2018 - Company</b>						
Trade payables	28,717	-	-	-	28,717	28,717
Director entitlements	64,205	-	-	-	64,205	64,205
Borrowings	3,638	-	-	-	3,638	3,638

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. FINANCIAL AND CAPITAL RISK MANAGEMENT** (continued)

**(d) Capital risk management**

The Group's objective when managing capital is to safeguard the ability to continue as a going concern. This is to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios, as the Group has not derived any income from operations.

**18. EARNINGS PER SHARE**

	<b>Group 2019</b>	<b>Company 2018</b>
<b>Basic (loss)/earnings per share</b>		
Net (loss)/profit after tax attributable to the members of the Company	\$ (596,060)	\$ 158,111
Weighted average number of ordinary shares	256,461,556	135,463,252
Basic (loss)/earnings per share (cents)	(0.23)	0.12
<b>Diluted earnings per share</b>		
Net (loss)/profit after tax attributable to the members of the Company	\$ (596,060)	\$ 158,111
Weighted average number of ordinary shares	256,461,556	135,463,252
Adjustment for calculation of diluted earnings per share		
Options	-	-
Weighted average number of ordinary shares and potential ordinary shares	256,461,556	135,463,252
Diluted (loss)/profit per share (cents)	(0.23)	0.12

**Information concerning the classification of securities**

**(i) Options**

Options granted to employees and Directors under the Incentive Option Scheme and to consultants and vendors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options of the Company were not considered dilutive for the purpose of the calculation of the dilutive loss per share as their conversion to ordinary shares would not decrease the earnings per share or increase the loss per share. Details relating to the options are set out in Note 16.

In the prior year, the Company generated a profit after tax of \$158,111 and had 85,137,500 unlisted share options on issue. No options were exercised or lapsed in the prior year.

**19. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity and items which are more likely to be materially adjusted. Detailed information about each of these estimates and judgements is included in the Notes together with information about the basis of calculation for each affected line item in the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**19. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS** (continued)

**Significant accounting estimates and judgements**

The areas involving significant estimates or judgements are:

- Recognition of deferred tax asset for carried forward tax losses — Note 4;
- Asset acquisition not constituting a business combination - Note 5;
- Fair value of asset acquisition — Note 5;
- Impairment of capitalised exploration and evaluation expenditure — Note 8;
- Classification of exploration and evaluation expenditure - Note 8;
- Classification of financial assets at fair value through profit or loss — Note 9;
- Fair value of financial assets at fair value through profit or loss — Note 9; and
- Estimation of fair value of share-based payments — Note 16.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

There have been no actual adjustments this year as a result of an error and of changes to previous estimates.

**20. COMMITMENTS**

Significant capital expenditure contracted for at the end of the reporting period but not recognised as a liability is as follows:

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Within one year <sup>(1)</sup>	87,361	93,000
Later than one year but no later than five years	-	-
Later than five years	-	-
	<b>87,361</b>	<b>93,000</b>

*Utah project*

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet an annual rental commitment. There is no obligation to perform minimum exploration work or meet minimum expenditure requirements.

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties may reduce or extinguish these obligations.

*Western Australian projects*

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Western Australian state government. These obligations are not provided for in the financial report.

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties may reduce or extinguish these obligations.

As at 31 December 2019 there is no capital expenditure commitment (31 December 2018: none) for the Western Australian projects.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**21. RELATED PARTY TRANSACTIONS**

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

**Key management personnel compensation**

	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Short-term employee benefits	149,038	228,620
Long-term benefits	4,215	17,573
Post-employment benefits	18,246	22,894
Share based payments	-	-
	<b>171,499</b>	<b>269,087</b>

Detailed remuneration disclosures are provided within the remuneration report.

**Parent entity**

The ultimate parent entity and ultimate controlling party is GTI Resources Limited (incorporated in Australia).

**Subsidiaries**

Interests in subsidiaries are set out in Note 22.

**Loans between related parties**

As at 31 December 2018, a \$5,000 advance had been provided to Mr McDonald. In addition, an interest-free loan of \$3,638 had been received from Mr McDonald, see Note 12. The loan was interest free and unsecured. During the year the advance and loan were offset, with the remaining balance of \$1,362 being recognised as travel expense for expenditure incurred by Mr McDonald.

**22. INTEREST IN OTHER ENTITIES**

**(a) Investments in controlled entities**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 28(a):

<b>Name of entity</b>	<b>Country of incorporation</b>	<b>2019</b> <b>Equity holding</b>	<b>2018</b> <b>Equity holding</b>
GTI Minerals Pty Ltd <sup>(1)</sup>	Australia	100%	100%
PT GTIR Mining <sup>(1)</sup>	Indonesia	75%	75%
Voyager Energy Pty Ltd <sup>(2)</sup>	Australia	100%	-
Voyager Energy LLC <sup>(3)</sup>	United States	100%	-

<sup>1</sup> Dormant subsidiary.

<sup>2</sup> Subsidiary acquired on 3 September 2019.

<sup>3</sup> Subsidiary of Voyager Energy Pty Ltd acquired on 3 September 2019 and is the holder properties in Utah, USA prospective for uranium and vanadium mineralisation.

**(b) Non-controlling interests**

The Group did not have any material non-controlling interests during current financial year (31 December 2018: nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**23. CONTINGENCIES**

The Group has no contingent assets or liabilities as at 31 December 2019 (31 December 2018: nil).

**24. EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR**

The Company relinquished its rights to the Meekatharra VMS Project (E51/1556) subsequent to the end of the year.

Thankfully, no positive COVID-19 (Coronavirus) cases have been reported amongst the Company's employee and contractor base. However, GTI are taking pre-emptive precautions to protect our employees, contractors, their families and their communities. The Company has implemented a work from home policy and limited travel. We believe that this decision is aligned and in the best interests of all our stakeholders.

There have been no other events of a material nature or transaction, that have arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

**25. RECONCILIATION OF (LOSS)/PROFIT AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	<b>Note</b>	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
(Loss)/Profit for the year		(596,060)	158,111
Add/(less) non-cash items:			
Forgiveness of Director remuneration and entitlements		(47,538)	(686,648)
Depreciation		1,089	310
(Gain)/Loss on investment asset	9	(20)	170
Share based payments		-	170,000
Impairment of Exploration & Evaluation expenditure	8	217,650	129,098
Changes in assets and liabilities during the financial year:			
(Increase) in receivables		(17,510)	(2,662)
Increase/(decrease) in payables		(34,218)	(79,482)
Increase/(decrease) in provisions		6,105	18,564
Net cash outflow from operating activities		(470,502)	(292,539)

**(a) Non-cash investing and financing activities**

	<b>Note</b>	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
Acquisition of Voyager Energy Pty Ltd	5	1,080,000	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**26. REMUNERATION OF AUDITORS**

The table shows the fees that were paid or payable for services provided by the auditor of the parent entity, its related parties and non-related audit firms, during the year.

	<b>Group 2019 \$</b>	<b>Company 2018 \$</b>
(a) <u>Stantons International</u>		
<i>Audit and assurance services</i>		
Audit and review of financial statements	23,822	23,819

**27. PARENT ENTITY INFORMATION**

The following information relates to the parent entity, GTI Resources Limited as at 31 December 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 28.

**(a) Summary of financial information**

The individual aggregate financial information for the parent entity is shown in the table.

**(b) Guarantees entered into by the parent entity**

The parent entity did not have any guarantees as at 31 December 2019 or 31 December 2018.

**(c) Contingent liabilities of the parent entity**

The parent entity did not have any contingent liabilities as at 31 December 2019 or 31 December 2018.

**(d) Contractual commitments for the acquisition of property, plant and equipment**

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 31 December 2019 or 31 December 2018.

	<b>Company</b>	
	<b>2019 \$</b>	<b>2018 \$</b>
<b>Financial position</b>		
Current assets	1,364,237	447,517
<b>Total assets</b>	<b>2,874,890</b>	<b>448,794</b>
Current liabilities	208,026	148,102
<b>Total liabilities</b>	<b>208,026</b>	<b>148,102</b>
<b>Equity</b>		
Contributed equity	10,190,370	7,367,871
Reserves	908,882	763,196
Accumulated losses	(8,432,388)	(7,830,375)
<b>Total equity</b>	<b>2,666,864</b>	<b>300,692</b>
<b>Financial performance</b>		
(Loss)/Profit for the year	(596,060)	158,111
<b>Total comprehensive (loss)/profit</b>	<b>(596,060)</b>	<b>158,111</b>

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

GTI Resources Limited (**Company** or GTI) is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. GTI Resources Limited is the ultimate parent entity of the Group.

The consolidated financial statements of GTI Resources Limited for the year ended 31 December 2019 comprise the Company and its controlled subsidiaries (together referred to as the **Group** and individually as **Group entities**).

### *Statement of compliance*

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Group Interpretations and the *Corporations Act 2001*. GTI Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

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

### *Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

### *Critical accounting estimates and significant judgements*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within Note 19.

### *New and amended standards adopted by the Group*

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the first time for the annual reporting period commencing 1 January 2019 that are relevant to the Group include:

- AASB 16 Leases
- AASB 2017-6 Amendments to Australian Accounting Standards — Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards — Long-term Interests in Associates and Joint

### *Ventures*

- AASB 2018-1 Amendments to Australian Accounting Standards — Annual Improvements 2015- 2017 cycle
- AASB 2018-2 Amendments to Australian Accounting Standards — Plan Amendment, Curtailment or Settlement
- Interpretation 23 Uncertainty over Income Tax Treatments.

The group also elected to adopt the following amendments early:

- AASB 2018-7 Amendments to Australian Accounting Standards — Definition of Material.

The Group had to change its accounting policies as a result of adopting AASB 16. AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its Statement of Financial Position in a similar way to how existing finance leases are treated under AASB 117. An entity be required to recognise a lease liability and a right of use asset in its Statement of Financial Position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

Lessor accounting remains largely unchanged from AASB 117.

The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. The adoption did not have any impact on the amounts recognised in prior periods and does not have significant effect on the current or future periods.

### *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. The group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting period and in the foreseeable future.

### **Accounting policies**

In order to assist in the understanding of the financial statements, the following summary explains the principle accounting policies that have been adopted in the preparation of the financial report. These policies have been applied consistently to all of the periods presented, unless otherwise stated.

#### **(a) Principles of Consolidation**

##### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of the Company at the end of the reporting period. Subsidiaries are all those entities (including

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Where a subsidiary has entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of subsidiaries is contained in Note 22 to the financial statements.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

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

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### *Equity method*

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 28(i).

### *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of GTI Resources Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### **(b) Going concern**

During the year the consolidated entity incurred a net loss of \$596,060 (2018: profit of \$158,111) and incurred net cash outflows from operating activities of \$470,501 (2018: \$292,539). The consolidated entity held cash assets at 31 December 2019 of \$1,340,140 (2018: \$440,930).

The ability of the consolidated entity to continue as a going concern is dependent on securing additional funding through equity and/or debt in order for the consolidated entity to continue to fund its operations.

Management believe there are sufficient funds to meet the consolidated entity's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- the Company is progressing realisation of the value of the consolidated entity's assets in Utah and Australia through ongoing work; and
- management is in the process of evaluating the option to raise capital through either equity or debt.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

### (c) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker, which has been identified by the company as the Board.

### (d) Foreign currency translation

#### *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is GTI Resources Limited's functional and presentation currency.

#### *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

No dividends were paid or proposed during the year.

#### *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges

of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### (e) Revenue recognition

Other income is measured as the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, and it is probable that the future economic benefits will flow to the entity.

Other income for other business activities is recognised on the following basis:

#### *Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

#### *Other income*

Other income is recognised in the accounting period in which the transaction occurred.

### (f) Income Tax and Other Taxes

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

income tax asset is realised or the deferred income tax liability is settled.

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

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

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

GTI Resources Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

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

### **(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, 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; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

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

The Group capitalises expenses relating to exploration and evaluation expenditure in respect of each identifiable area of interest.

These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the period in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

### **(i) Impairment of Assets**

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

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### **(j) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

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

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

### **(l) Investments and other financial assets**

#### *Classification*

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

- 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), transaction 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.

#### *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 impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **(m) Property, Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

### **(n) Acquisition of assets**

Where an entity or operation is acquired, the identifiable assets acquired (and, where applicable, identifiable liabilities assumed) are to be measured at the acquisition date at their relative fair values of the purchase consideration.

Where the acquisition is a group of assets or net assets, the cost of acquisition will be apportioned to the individual assets acquired (and, where applicable, liabilities assumed). Where a group of assets acquired does not form an entity or operation, the cost of acquisition is apportioned to each asset in proportion to the fair values of the assets as at the acquisition date.

### **(o) Share Based Payment Transactions**

*Benefits to Employees and consultants (including Directors)*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Group provides benefits to employees and consultants (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares or options ("equity-settled transactions").

The costs of these equity settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of performance rights granted is determined using the single barrier share option pricing model. The fair value of options granted is determined by using the Black-Scholes option pricing technique. Further details of options and performance rights granted are disclosed in Note 16.

The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of: (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an equity instrument has vested, any amounts recorded are contingent and will be adjusted if more or fewer equity instruments vest than were originally anticipated to do so. Any equity instrument subject to a market condition is valued as if it will vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the recipient of the award, as measured at the date of modification.

If an equity-settled transaction is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new equity instrument is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original award, as described in the preceding paragraph.

### *Benefits to Vendors*

The Group provides benefits to vendors of the Group in the form of share-based payment transactions, whereby the vendor has render services in exchange for shares or rights over shares or options ("equity-settled transactions").

The fair value is measured by reference to the value of the goods or services received. If these cannot be reliably measured, then by reference to the fair value of the equity instruments granted.

The cost of these equity-settled transactions is recognised over the period in which the service was received.

### **(p) Fair value estimation**

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximately their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### **(q) Employee Entitlements**

The Group's liability for employee entitlements arising from services rendered by employees to reporting date is recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

### **(r) Provisions**

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### **(s) Loss/Earnings per share**

#### *Basic loss per share*

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Company after income tax by the weighted average number of ordinary shares outstanding during the financial year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

### **(t) Trade and other payables**

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

### **(u) Contributed equity**

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

### **(v) Dividends**

No dividends were paid or proposed during the year.

### **(w) Comparatives**

Where necessary, comparatives have been re-classified and re-positioned for consistency with current year disclosures.

The following items have been re-classified within the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	<b>Company 2018 \$</b>		
	As previously stated	Reclas- sification	As restated
Impaired exploration assets	67,585	61,513	129,098
Other expense	460,472	(61,513)	398,959

### **(x) Parent entity financial information**

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

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost and subject to an annual impairment review.

## DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the financial position as at 31 December 2019 and of the performance of the Group for the year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The financial statements and notes also comply with International Financial Reporting Standards.
4. The Directors have been given the declarations as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



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**Murray McDonald**

Non-Executive Chairman

Perth, Western Australia

31 March 2020

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
GTI RESOURCES LIMITED**

**Report on the Audit of the Financial Report**

***Opinion***

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

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

## Key Audit Matters

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

Key Audit Matters	How the matter was addressed in the audit
<p><b>Issued Capital</b></p> <p>The Group's contributed equity amounted to \$10,190,370. During the year, 302,033,558 ordinary shares were issued resulting in an increase in issued capital of \$2,822,499 net of share issue costs (refer to Note 15 to the financial report).</p> <p>Significant amount of audit effort was spent on ensuring the Issued Capital was accounted for correctly and disclosed appropriately in the financial report.</p> <p>Issued capital is a key audit matter due to the quantum of share capital issued during the year.</p>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>Obtained an understanding of the underlying transactions;</li> <li>Verified all issued capital movements to the relevant ASX announcements;</li> <li>Vouched proceeds from capital raisings to bank statements and other relevant supporting documentation;</li> <li>Verified underlying capital raising costs and ensured these costs were appropriately recorded;</li> <li>Ensured consideration for services provided and shares issued to vendors are measured in accordance with the accounting standard <i>AASB 2 Share-Based Payment</i> and agreed the related costs to relevant supporting documentation; and</li> <li>Assessed the adequacy of related disclosures within the financial report.</li> </ol>
<p><b>Asset Acquisition</b></p> <p>As disclosed in Note 5 to the financial report, on 3 September 2019, the Company has successfully acquired 100% of the issued capital of Voyager Energy Pty Ltd ("Voyager"). Based on the agreement 90,000,000 ordinary shares ("Consideration shares") were to be issued for a total purchase consideration of \$1,080,000. A total of 79,189,944 fully paid ordinary shares were issued on 3 September 2019 and 10,810,056 ordinary shares were withheld until such time as the new claims to the titles have been granted.</p> <p>This area is a key audit matter due to the material nature of the transaction as well as the significant judgment involved in considering whether to account for this transaction as a business combination or an asset acquisition.</p>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>Reviewed the sale and purchase agreement and other supporting documents to confirm consideration and assets being acquired;</li> <li>Confirmed shares issued with Appendix 3Bs and share registry;</li> <li>Reviewed recognition requirements of <i>AASB 3 Business Combinations</i>; and</li> <li>Assessed the adequacy of related disclosures within the financial report.</li> </ol>

## 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 accordingly we do not express any form of assurance opinion 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

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

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

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

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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

We 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 audit. We remain solely responsible for our audit opinion.

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

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

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

### ***Report on the Remuneration Report***

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of GTI Resources 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.

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

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
Director

West Perth, Western Australia  
31 March 2020