

**CAPRICE RESOURCES LTD**  
**ABN 96 624 970 725**

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2020**



**CAPRICE RESOURCES LTD**  
**ABN 96 624 970 725**

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**CAPRICE RESOURCES LTD**  
**ABN 96 624 970 725**

**CORPORATE DIRECTORY**

<b>Directors</b>	Bryn Hardcastle (Non-Executive Chairman) Scott Patrizi (Executive Director) David Church (Non-Executive Director)
<b>Company Secretary</b>	Oonagh Malone
<b>Principal registered office in Australia</b>	Level 1, 50 Ord Street, West Perth WA 6005  Phone: +61 8 61420987 Email: info@capriceresources.com
<b>Share register</b>	Automic Registry Services Level 5, 126 Phillip Street, Sydney NSW 2000  Phone: 1300 288 664 Email: hello@automic.com.au Website: www.automic.com.au
<b>Auditor</b>	RSM Australia Partners Level 32, Exchange Tower, 2 The Esplanade, Perth WA 6000
<b>Solicitors</b>	HWL Ebsworth Lawyers Level 20, 240 St Georges Terrace, Perth WA 6000
<b>Securities exchange listings</b>	The shares of Caprice Resources Limited are listed on the Australian Securities Exchange (ASX) under the code CRS
<b>Website address</b>	<a href="http://www.capriceresources.com">http://www.capriceresources.com</a>

## **CAPRICE RESOURCES LTD**

**ABN 96 624 970 725**

### **DIRECTORS' REPORT**

The Directors present their report together with the annual financial report of Caprice Resources Ltd ("Caprice Resources" or the "Company") for the year ended 30 June 2020 and the independent auditor's report thereon.

#### **Directors**

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

Bryn Hardcastle (Non-Executive Chairman)  
Scott Patrizi (Executive Director)  
David Church (Non-Executive Director)

#### **Principal Activities**

The principal activities of the Company are mining and mineral exploration. No significant change in the nature of these activities occurred during the year.

#### **Review of Operations**

During the year, the Company:

- conducted its initial drilling program of 10 reverse circulation drill holes that tested the Cook Prospect on the Company's Wild Horse Hill Project in the Northern Territory;
- received results from its follow up auger drilling program across the Nooka prospect at its Northhampton Project which is located immediately east of the Company's primary target, the Wheal Fortune historical mine site; and
- received approval from the Department of Mines and Petroleum for its program of work for an initial reverse circulation drilling program at the Wheal Fortune Prospect in Northampton.

#### **Financial Results**

The loss of the Company after providing for income tax for the period ending 30 June 2020 was \$369,505 (30 June 2019: \$1,226,824). During the year, total expenses amounted to \$412,297 (30 June 2019: \$1,267,730).

Cash and cash equivalents amounted to \$3,256,442 as at 30 June 2020 (30 June 2019: \$3,866,329).

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**DIRECTORS' REPORT (continued)**

**Significant Changes in State of Affairs**

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. The Company cannot reasonably estimate the length or severity of this pandemic, it currently anticipates only minimal ongoing disruptions to exploration activities in relation to its projects in Western Australia and Northern Territory.

There were no other significant changes in the state of affairs of the Company during the financial year.

**Events Subsequent to the End of the Reporting Period**

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than:

- On 6 August 2020, the Company announced it had entered into a binding terms sheet to acquire 100% of Goldview Metals Pty Ltd which holds 100% of the Island Gold Project (Proposed Transaction). The terms sheet is subject to conditions precedent including the Company obtaining shareholder approval for the Proposed Transaction.
- On 6 August 2020, the Company announced it had received firm commitments for a placement of \$1.6 million (before costs) at an issue price of \$0.18 per share for 8,888,889 shares, subject to shareholder approval.
- On 6 August 2020, the Company announced a non-renounceable pro-rata entitlement offer to eligible shareholders on the basis of 1 share for every 5.9 shares held at the record date at an issue price of \$0.18 per new share to raise up to approximately \$1.0 million (before costs).

**Likely Developments and Expected Results of Operations**

Other than as referred to in this report, further information as to likely developments in the operations of the Company and likely results of those operations in future financial years would, in the opinion of the directors, be speculative.

**Dividends**

No dividends have been paid or declared by the Company.

**Environmental Regulation**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**Indemnity and Insurance of Officers**

To the extent permitted by law, the Company indemnifies every person who is or has been:

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**DIRECTORS' REPORT (continued)**

- an Officer against any liability to any person (other than the Company) incurred while acting in that capacity and in good faith; and
- an Officer of the Company, against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

The Company has entered into a Deed of Indemnity, Access and Insurance with each of its Directors and the Company Secretary. Under the Deeds of Indemnity, Access and Insurance the Company will indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Deeds of Indemnity, Access and Insurance also provide for the right to access Board papers and other Company records.

**Indemnity and Insurance of Auditor**

The Company has not, during or since the end of the financial year indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**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 the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

**Information on Directors**

Information in relation to the Directors of the Company for the reporting period and up to the date of this report is as follows:

**Mr Bryn Hardcastle – Non-Executive Chairman**

**Qualifications:** Bachelor of Laws, Bachelor of Arts

**Experience and expertise:** Mr Hardcastle is a partner of HWL Ebsworth Lawyers, specialising in corporate, commercial and securities law. Mr Hardcastle advises on equity capital markets, takeovers, schemes and corporate acquisitions, reconstructions and disposals predominantly in the energy and resources sector.

**Other current directorships:** Non-Executive Director of New Century Resources Limited (ASX:NCZ) and Flamingo AI Ltd (re-appointed 5 March 2020)

**Former directorships:** Vysarn Ltd (formerly MHM Metals Ltd) (ASX:VYS) resigned 27 October 2017; Servtech Global Holdings Ltd (ASX:SVT) resigned 27 November 2017; Flamingo AI Ltd (ASX:FGO) resigned 27 August 2018

**Special responsibilities:** Nil

**Interest in shares:** 250,000 ordinary shares

**Interest in options:** 325,000 options (exercise price \$0.25, expiry date 28 November 2022)

**Contractual rights to shares:** Nil

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**DIRECTORS' REPORT (continued)**

**Mr Scott Patrizi – Executive Director**

**Qualifications:** Bachelor of Commerce

**Experience and expertise:** Mr Patrizi is a corporate finance professional being previously employed with Deloitte. Mr Patrizi holds a Bachelor of Commerce from the University of Western Australia. During his time at Deloitte, Mr Patrizi worked across a wide range of industries including mining, oil and gas, healthcare, education and private equity providing merger and acquisition, valuation and due diligence services. Prior to Deloitte, Mr Patrizi worked for Argonaut, a full service advisory, stockbroking & research and investment house focused on clients in the natural resources sector where he gained significant equity capital market experience.

**Other current directorships:** Nil

**Former directorships:** Matador Mining Ltd (ASX:MZZ) resigned 3 July 2018; Elixir Energy Ltd (formerly Elixir Petroleum Limited) (ASX:EXR) resigned 6 May 2019; RareX Ltd (formerly Sagon Resources Ltd) (ASX:REE) resigned 18 February 2020

**Special responsibilities:** Nil

**Interest in shares:** 168,000 ordinary shares

**Interest in options:** 2,000,000 options (exercise price \$0.25, expiry date 28 November 2022)

**Contractual rights to shares:** Nil

**Mr David Church - Non-Executive Director**

**Qualifications:** LLB

**Experience and expertise:** Mr Church is a consultant providing general counsel and mergers and acquisition services to Regent Pacific Group Limited, a company whose securities are listed on The Stock Exchange of Hong Kong Limited. Mr Church is a qualified solicitor and has practiced in Australia with Clayton Utz, and in the UK and Hong Kong with Linklaters.

**Other current directorships:** Non-Executive Director of Hammer Metals Limited (ASX:HMXX)

**Former directorships:** Nil

**Special responsibilities:** Nil

**Interest in shares:** 162,500 ordinary shares

**Interest in options:** 325,000 options (exercise price \$0.25, expiry date 28 November 2022)

**Contractual rights to shares:** Nil

**Directors' Meetings**

During the financial year, three meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to Attend	Attended
Bryn Hardcastle	3	3
Scott Patrizi	3	3
David Church	3	3

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**DIRECTORS' REPORT (continued)**

**Company Secretary**

The following person held the position of company secretary at the end of the financial year:

**Ms Oonagh Malone**

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed companies New Century Resources Ltd, European Cobalt Limited, Hawkstone Mining Limited, RareX Ltd and African Gold Ltd, and is a non-executive director and company secretary of Carbine Resources Ltd.

**Remuneration Report - audited**

The remuneration report details the key management personnel remuneration arrangements for the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

**Remuneration policy**

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally.

Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. During the year no remuneration consultants were used.

**Performance-based remuneration**

The Board recognises that the Company operates in a global environment. To prosper in this environment we must attract, motivate and retain key executive staff.

The principles supporting the remuneration policy are that:

- reward reflects the competitive global market in which the Company operates;
- rewards to executives are linked to creating value for shareholders;
- remuneration arrangements are equitable and facilitate the development of senior management across the Company;
- where appropriate, senior managers receive a component of their remuneration in equity to align their interests with those of the shareholders; and
- long term incentives are used to ensure that remuneration of key management personnel reflects the Company's financial performance, with particular emphasis on the Company's earnings and the consequence of the Company's performance on shareholder wealth.



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**DIRECTORS' REPORT (continued)**

**Market Comparisons**

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

**Board Remuneration**

The Board determines actual payments to Directors and reviews their remuneration annually based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of Directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

**Directors' Fees**

***Executive Remuneration***

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good reward corporate governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The Company has structured an executive framework that is market competitive and complementary to the reward strategy for the organisation.

The Board's policy for determining the nature and amount of remuneration for Board members and executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for executive directors and executives, was developed and approved by the Board. All executives receive a fee, part of which may be taken as superannuation, and from time to time, options. Options issued to Directors are subject to approval by Shareholders. The Board reviews executive packages regularly by reference to the Company's performance, executives' performance and comparable information from industry sectors and other listed companies in similar industries. The Board may in its discretion establish a performance based bonus system to provide reward in addition to the base salary level to the executives on such terms as the Board may determine.

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**DIRECTORS' REPORT (continued)**

- Salaried executive directors and specified executives are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.
- All remuneration paid to directors and specified executives is valued at the cost to the Company and expensed. Options are valued using either the ASX trading price (for listed options issued) or the Black-Scholes methodology (for unlisted options issued).

***Service Agreements***

A summary of service agreements entered into with Executives is set out below:

Executive	Term of Agreement	Base salary per annum including any superannuation* (Non-performance based)	Termination Conditions	Proportion of elements of remuneration related to performance
Mr Scott Patrizi	Ongoing until terminated in accordance with the agreement	\$36,000	1 month notice by either party	Nil

\* Base salary quoted is the position as at 30 June 2020; salaries are reviewed annually.

***Non-Executive Remuneration***

Shareholders approve the maximum aggregate remuneration for non-executive directors. The maximum aggregate remuneration approved for Non-Executive Directors is determined from time to time by a general meeting.

It is recognised that non-executive director remuneration is ideally structured to exclude equity based remuneration. However, whilst the Company remains small and the full Board, including the Non-Executive Directors, are included in the operations of the Company more intimately than may be the case with larger companies, the Non-Executive Directors are entitled to participate in equity based remuneration schemes.

***Bonus or Profit Participation Plan***

Performance incentives may be offered to executive directors and senior management of the Company through the operation of a bonus or profit participation plan at the ultimate discretion of the Board.

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**DIRECTORS' REPORT (continued)**

Details of the remuneration of the directors and key management personnel of the Company (as defined in AASB 124 *Related Party Disclosures*) are set out in the following tables.

There were no other transactions with Directors or key management personnel other than those included in the below remuneration tables or as disclosed elsewhere in the Directors' Report.

***Details of remuneration for year ended 30 June 2020***

	Salary, Fees and Commissions \$	Super- annuation Contribution \$	Non-cash Benefits \$	Share- based Payments \$	Total \$
<b>Non-executive Directors</b>					
Mr Bryn Hardcastle	24,000	-	-	-	24,000
Mr David Church	24,000	2,280	-	-	26,280
<b>Executive Director</b>					
Mr Scott Patrizi	36,000	-	-	-	36,000
<b>Other Key Management Personnel</b>					
Ms Oonagh Malone	24,000	-	-	-	24,000
<b>Total</b>	<b>108,000</b>	<b>2,280</b>	<b>-</b>	<b>-</b>	<b>110,280</b>

***Details of remuneration for year ended 30 June 2019***

	Salary, Fees and Commissions \$	Super- annuation Contribution \$	Non-cash Benefits \$	Share- based payments \$	Total \$
<b>Non-executive Directors</b>					
Mr Bryn Hardcastle	14,000	-	-	47,861	61,861
Mr David Church	14,000	1,330	-	47,861	63,191
Mr Adam Miethke <sup>1</sup>	-	-	-	-	-
Mr Matthew Gavshon <sup>2</sup>	-	-	-	-	-
<b>Executive Director</b>					
Mr Scott Patrizi	21,000	-	-	294,800	315,800
<b>Other Key Management Personnel</b>					
Ms Oonagh Malone	24,000	-	-	-	24,000
<b>Total</b>	<b>73,000</b>	<b>1,330</b>	<b>-</b>	<b>390,522</b>	<b>464,852</b>

<sup>1</sup> Resigned 26 October 2018

<sup>2</sup> Resigned 18 July 2018

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**DIRECTORS' REPORT (continued)**

The proportion of remuneration linked to performance and fixed proportion are as follows:

	Fixed remuneration		At risk- short term incentives		At risk- long term incentives	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
<b>Non-executive Directors</b>						
Mr Bryn Hardcastle	100	23	-	-	-	77
Mr David Church	100	24	-	-	-	76
Mr Adam Miethke <sup>1</sup>	-	-	-	-	-	-
Mr Matthew Gavshon <sup>2</sup>	-	-	-	-	-	-
<b>Executive Director</b>						
Mr Scott Patrizi	100	7	-	-	-	93
<b>Other Key Management Personnel</b>						
Ms Oonagh Malone	100	100	-	-	-	-

<sup>1</sup> Resigned 26 October 2018

<sup>2</sup> Resigned 18 July 2018

There were no cash bonuses paid/payable or forfeited during the year ended 30 June 2020 or 30 June 2019.

**Share-based compensation**

*Issue of shares*

There were no shares granted during the reporting period as compensation (2019: Nil).

*Options*

There were no options issued to the following Directors and key management personnel during the year ended 30 June 2020.

The options below were issued to the following Directors and key management personnel during the year ended 30 June 2019 as part of their performance-based remuneration:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mr Bryn Hardcastle	325,000	28/11/18	28/11/18	28/11/22	\$0.25	\$0.1474
Mr David Church	325,000	28/11/18	28/11/18	28/11/22	\$0.25	\$0.1474
Mr Scott Patrizi	2,000,000	28/11/18	28/11/18	28/11/22	\$0.25	\$0.1474

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**DIRECTORS' REPORT (continued)**

Values of options over ordinary shares granted, exercised and lapsed for directors and other and key management personnel as part of compensation during the year ended 30 June 2019 are set out below.

Name	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	\$	\$	\$	%
Mr Bryn Hardcastle	47,861	-	-	77
Mr David Church	47,861	-	-	76
Mr Scott Patrizi	294,800	-	-	93

**Additional disclosures relating to key management personnel**

*(i) Share holdings*

The numbers of shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below.

2020	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year or date of resignation
<b>Ordinary shares</b>				
Mr Bryn Hardcastle	250,000	-	-	250,000
Mr David Church	162,500	-	-	162,500
Mr Scott Patrizi	60,000	-	108,000	168,000
Ms Oonagh Malone	10,000	-	-	10,000
<b>Total</b>	<b>482,500</b>	<b>-</b>	<b>108,000</b>	<b>590,500</b>

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**DIRECTORS' REPORT (continued)**

<b>2019</b>	<b>Balance at the start of the year</b>	<b>Received during the year on exercise of options</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year or date of resignation</b>
<b>Ordinary shares</b>				
Mr Bryn Hardcastle	-	-	250,000	250,000
Mr David Church	-	-	162,500	162,500
Mr Adam Miethke <sup>1</sup>	-	-	-	-
Mr Matthew Gavshon <sup>2</sup>	1	-	-	1
Mr Scott Patrizi	-	-	60,000	60,000
Ms Oonagh Malone	-	-	10,000	10,000
<b>Total</b>	<b>1</b>	<b>-</b>	<b>482,500</b>	<b>482,501</b>

1 Resigned 26 October 2018

2 Resigned 18 July 2018

*ii) Option holdings*

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

<b>2020</b>	<b>Balance at start of the year</b>	<b>Granted as Compensation</b>	<b>Acquired</b>	<b>Lapsed/ Forfeited</b>	<b>Balance at end of the year</b>	<b>Vested</b>	<b>Escrowed until 28 Nov 2022</b>
B Hardcastle	325,000	-	-	-	325,000	325,000	325,000
D Church	325,000	-	-	-	325,000	325,000	325,000
S Patrizi	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000
O Malone	-	-	-	-	-	-	-
<b>Total</b>	<b>2,650,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>

<b>2019</b>	<b>Balance at start of the year</b>	<b>Granted as Compensation</b>	<b>Acquired</b>	<b>Lapsed/ Forfeited</b>	<b>Balance at end of the year</b>	<b>Vested</b>	<b>Escrowed</b>
B Hardcastle	-	325,000	-	-	325,000	325,000	325,000
D Church	-	325,000	-	-	325,000	325,000	325,000
S Patrizi	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000
O Malone	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,650,000</b>	<b>-</b>	<b>-</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>

During the reporting period, no shares were issued to Directors or key management personnel on the exercise of options previously granted as remuneration.

*iii) Other transactions with key management personnel and their related parties*

Bellanhouse Legal received \$20,098 (2019: \$161,084) during the year for the provision of legal services in relation to general legal matters. Bellanhouse Legal was a related party of Non-Executive Chairman, Bryn Hardcastle.

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**DIRECTORS' REPORT (continued)**

Due to the COVID-19 pandemic, the directors agreed to defer director fees payable as part of a strategy to conserve the Company's cash balance. As at 30 June 2020, the following amounts, which are included in trade and other payables in the financial statements, were owed to the directors or their related entities in relation to director fees:

	<b>Director fees due but not paid as at 30 June 2020 \$</b>
Mr Bryn Hardcastle	<sup>1</sup> 6,600
Mr David Church	<sup>2</sup> 6,570
Mr Scott Patrizi	<sup>1</sup> 9,900
<b>Total</b>	<b>23,070</b>

<sup>1</sup> Includes GST

<sup>2</sup> includes superannuation entitlement on director fees

All transactions with related parties have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Additional information for consideration of shareholder wealth**

This table summarises the earnings of the Company and other factors that are considered to affect shareholder wealth.

	<b>2020</b>	<b>2019</b>	<b>2018 <sup>1</sup></b>
Loss after income tax attributable to shareholders (\$)	(369,505)	(1,226,824)	(55,277)
Share price at financial year end (\$)	0.21	0.15	N/a
Movement in share price for the year (\$)	0.06	(0.05)	N/a
Total dividends declared (cents per share)	-	-	-
Basic loss per share (cents per share)	(1.13)	(5.47)	(16.14)

<sup>1</sup> The company was incorporated on 20 March 2018 and as admitted to the ASX on 5 December 2018.

**This is the end of the audited Remuneration report.**

**Shares under option**

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

Grant date	Expiry date	Exercise price	Number of options
28/11/2018	28/11/22	\$0.25	5,650,000
28/11/2018	28/11/21	\$0.25	325,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

There have been no shares issued on the exercise of options.

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**DIRECTORS' REPORT (continued)**

**Non-audit services**

No non-audit services were performed by the Company's auditor, RSM Australia Partners, during the year ended 30 June 2020 (2019: nil)

**Officers of the company who are former partner of RSM Australia Partners**

No officer of the Company is or has been a Partner/Director of any auditor of the Company.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 17.

**Auditor**

RSM Australia continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



**Bryn Hardcastle**  
**Non-Executive Chairman**

Dated this 12th day of August 2020



**RSM Australia Partners**

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000  
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[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Caprice Resources Ltd for the period ended 30 June 2020, 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.

**RSM**  
RSM AUSTRALIA PARTNERS

  
ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 12 August 2020

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**CAPRICE RESOURCES LTD**  
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>Income</b>			
Income	3(a)	42,792	40,906
<b>Total income</b>		42,792	40,906
<b>Expenses</b>			
Administration expenses		(183,883)	(129,209)
Consultants and management expenses	3(b)	(170,492)	(122,753)
Depreciation expense	11	(990)	(269)
Legal expenses		(49,252)	(62,334)
Share based payment expense	15	-	(832,623)
Exploration costs expensed or written off	5	(7,680)	-
Transaction costs	3(c)	-	(120,542)
<b>Total expenses</b>		(412,297)	(1,267,730)
<b>Loss before income tax for the year</b>		(369,505)	(1,226,824)
Income tax expense	6	-	-
<b>Loss after income tax expense for the year</b>		(369,505)	(1,226,824)
<b>Other comprehensive income</b>		-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<b>Total other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive loss for the year</b>		(369,505)	(1,226,824)
Attributable to:			
Members of the Company		(369,505)	(1,226,824)
Basic and diluted loss per share (cents per share)	19	(1.13)	(5.47)

The accompanying notes form part of these financial statements.

**CAPRICE RESOURCES LTD**  
**ABN 96 624 970 725**

**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	3,256,442	3,866,329
Trade and other receivables	8	7,283	13,780
Other current assets	9	20,330	19,353
<b>TOTAL CURRENT ASSETS</b>		<b>3,284,055</b>	<b>3,899,462</b>
NON-CURRENT ASSETS			
Exploration and evaluation assets	10	714,528	459,523
Property, plant and equipment	11	2,800	3,790
<b>TOTAL NON-CURRENT ASSETS</b>		<b>717,328</b>	<b>463,313</b>
<b>TOTAL ASSETS</b>		<b>4,001,383</b>	<b>4,362,775</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	12	43,563	35,450
<b>TOTAL LIABILITIES</b>		<b>43,563</b>	<b>35,450</b>
<b>NET ASSETS</b>		<b>3,957,820</b>	<b>4,327,325</b>
<b>EQUITY</b>			
Contributed equity	13	4,733,874	4,733,874
Reserves	14	875,552	875,552
Accumulated losses		(1,651,606)	(1,282,101)
<b>TOTAL EQUITY</b>		<b>3,957,820</b>	<b>4,327,325</b>

The accompanying notes form part of these financial statements.

**CAPRICE RESOURCES LTD**  
**ABN 96 624 970 725**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	Contributed Equity \$	Option Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2018</b>		100,003	-	(55,277)	44,726
Loss after income tax expense for the period		-	-	(1,226,824)	(1,226,824)
Other comprehensive income for the period, net of tax		-	-	-	-
<b>Total comprehensive loss for the period</b>		-	-	(1,226,824)	(1,226,824)
<b>Transactions with owners, in their capacity as owners:</b>					
Share issue	13	4,820,000	-	-	4,820,000
Shares issued as consideration for tenements	13	243,750	-	-	243,750
Transaction costs	13	(429,879)	-	-	(429,879)
Share based payments	14	-	832,623	-	832,623
Options issued as consideration for tenements	14	-	42,873	-	42,873
Proceeds from options issued	14	-	56	-	56
		4,633,871	875,552	-	5,509,423
<b>Balance at 30 June 2019</b>		4,733,874	875,552	(1,282,101)	4,327,325
<b>Balance at 1 July 2019</b>		4,733,874	875,552	(1,282,101)	4,327,325
Loss after income tax expense for the year		-	-	(369,505)	(369,505)
Other comprehensive income for the year, net of tax		-	-	-	-
<b>Total comprehensive loss for the year</b>		-	-	(369,505)	(369,505)
<b>Transactions with owners, in their capacity as owners</b>		-	-	-	-
<b>Balance at 30 June 2020</b>		4,733,874	875,552	(1,651,606)	3,957,820

The accompanying notes form part of these financial statements.

**CAPRICE RESOURCES LTD**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(390,518)	(468,466)
Interest received		32,792	40,906
Other income		10,000	-
<b>Net cash used in operating activities</b>	20	(347,726)	(427,560)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Payments for exploration expenditure		(257,221)	(165,748)
Payments for acquisition of mining tenements		(4,940)	(3,953)
Payments for property, plant and equipment		-	(4,059)
Payments for tenement bonds		-	(16,811)
<b>Net cash used in investing activities</b>		(262,161)	(190,571)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	4,534,800
Share issue costs paid		-	(429,879)
Proceeds from issue of options		-	56
<b>Net cash from financing activities</b>		-	4,104,977
Net increase in cash held		(609,887)	3,486,846
Opening cash and cash equivalents		3,866,329	379,483
<b>Cash and cash equivalents at end of year</b>	7	3,256,442	3,866,329

The accompanying notes form part of these financial statements.

**CAPRICE RESOURCES LTD**  
**ABN 96 624 970 725**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

The financial statements and notes represent those of Caprice Resources Ltd, which is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 12<sup>th</sup> August 2020 by the Directors of Caprice Resources Ltd.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

*Compliance with IFRS*

The financial statements of the Caprice Resources Ltd comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

*New and amended accounting policies adopted by the Company*

The Company has adopted all the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Company's accounting policies.

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

**CAPRICE RESOURCES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of AASB 16 Leases from 1 July 2019 has not affected balances of the Company because the Company does not have any leases. Future effects of the implementation of this standard will depend on details in future agreements.

*New Accounting Standards and Interpretations not yet mandatory or early adopted*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

*Historical cost convention*

These financial statements have been prepared on an accruals basis under the historical cost convention.

*Critical accounting estimates, judgements and assumptions*

The preparation of financial statements requires the use of certain critical accounting estimates, judgements and assumptions. It also requires management to exercise its judgment in the process of applying the Company'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 in note 1(n).

**Accounting Policies**

**a. Other Revenue and Income**

Interest income is recognised using the effective interest method, this is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

**b. Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

**c. Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**d. Cash and Cash Equivalents**

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

**e. Trade and Other Receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade and other receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

**f. Exploration and Evaluation Expenditure Assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

**g. Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**h. Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**i. Contributed Equity**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit recognised.

**j. Share based payments**

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the option holder become unconditionally entitled to the options.

The fair value of the options at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

The fair value of these equity instruments does not necessarily relate to the actual value that may be received in future by the recipients.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

**k. Earnings per share**

*Basic earnings per share*

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

*Diluted earnings per share*

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

**l. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers. Commitments and contingencies are disclosed net of GST.

**m. Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

**n. Critical accounting estimates, judgements and assumptions**

**(i) *Impairment exploration and evaluation assets***

Exploration and evaluation costs have been capitalised on the basis that the company will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

**o. Segment Reporting**

Operating segments are now 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 Executive Director and other members of the board of directors.

The Company has identified its operating segment based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Company's sole activity was mineral exploration and resource development wholly within Australia, which is its only reportable segment.

The reportable segment is represented by the financial statements forming this financial report.

**NOTE 2: SEGMENT INFORMATION**

The Company's operations are in one reportable business segment, being the exploration for lead, zinc and copper. The Company operates in one geographical segment, being Australia.

**NOTE 3: LOSS BEFORE INCOME TAX**

	2020	2019
	\$	\$
<b>a. Income</b>		
Interest income	32,792	40,906
Australian Government cash flow boost	10,000	-
	42,792	40,906
<b>b. Consultants and management expenses</b>		
Director fees and superannuation	86,280	50,330
Other consultants and management expenses	84,212	72,423
	170,492	122,753
<b>c. Transaction costs</b>		
ASX fees	-	68,130
Other transaction costs	-	52,412
	-	120,542

**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 4: AUDITOR'S REMUNERATION**

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Audit services - RSM Australia Partners:		
Audit or review of the financial report of the Company and controlled entities	23,000	23,000

**NOTE 5: EXPLORATION COSTS EXPENSED**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Exploration and project evaluation expenses	7,680	-

**NOTE 6: TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Income tax expense</b>		
Current tax	-	-
Deferred tax	-	-
Under/ (over) provision in respect of prior years	-	-
	-	-
<b>Reconciliation of income tax expense to prima facie tax payable</b>		
Loss before income tax expense	(369,505)	(1,226,824)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(101,614)	(337,377)
Tax effect of expenditure not deductible in calculating taxable income:		
Share based payments	-	228,971
Capital raising expenditure	(32,278)	(32,277)
Other amounts not deductible or taxable in calculating taxable income	58	52
Income tax benefit not recognised	133,834	140,631
<b>Income tax expense</b>	-	-
<b>Unrecognised deferred tax assets</b>		
Tax losses	294,166	142,787
Other timing differences	4,282	6,309
<b>Deferred tax assets not brought to account.</b>	298,448	149,096

**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 6: TAXATION (continued)**

The Company has not recognised any deferred tax assets or liabilities.

These benefits will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses.

**d. Franking credits**

The Company has no franking credits available.

**NOTE 7: CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	3,256,442	232,419
Term deposits	-	3,633,910
	<u>3,256,442</u>	<u>3,866,329</u>

**NOTE 8: TRADE AND OTHER RECEIVABLES**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
GST refundable	7,283	13,780

**NOTE 9: OTHER ASSETS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Prepayments	3,519	2,542
Security deposit in relation to tenement	16,811	16,811
	<u>20,330</u>	<u>19,353</u>

**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 10: EXPLORATION AND EVALUATION ASSETS**

	2020 \$	2019 \$
Tenement acquisition costs	295,516	295,516
Capitalised exploration expenditure	419,012	164,007
	714,528	459,523
<i>Movements in carrying value</i>		
Balance at the beginning of the year	459,523	-
Tenement acquisition costs	-	295,516
Exploration expenditure capitalised	255,005	164,007
Balance at the end of the year	714,528	459,523

The balance carried forward represents the acquisition costs and capitalised exploration expenditure of the Western Australian and Northern Territory tenements which is in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

**NOTE 11: PLANT AND EQUIPMENT**

	Computer Equipment \$	Total \$
<b>At 30 June 2020</b>		
At cost	4,059	4,059
Accumulated depreciation	(1,259)	(1,259)
	2,800	2,800
<i>Movements in carrying value</i>		
<b>Year ended 30 June 2020</b>		
Balance 1 July 2019	3,790	3,790
Additions	-	-
Disposals	-	-
Depreciation expense for the year	(990)	(990)
<b>Balance at 30 June 2020</b>	2,800	2,800



**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 11: PLANT AND EQUIPMENT (continued)**

	Computer Equipment \$	Total \$
<b>At 30 June 2019</b>		
At cost	4,059	4,059
Accumulated depreciation	(269)	(269)
	3,790	3,790
<i>Movements in carrying value</i>		
<b>Year ended 30 June 2019</b>		
Balance 1 July 2018	-	-
Additions	4,059	4,059
Disposals	-	-
Depreciation expense for the year	(269)	(269)
<b>Balance at 30 June 2019</b>	3,790	3,790

**NOTE 12: TRADE AND OTHER PAYABLES**

	2020 \$	2019 \$
Trade creditors	27,993	8,989
Accrued expenses	15,570	22,940
PAYG withholding payable	-	3,521
	43,563	35,450

**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 13: CONTRIBUTED EQUITY**

**a. Share capital**

	2020 \$	2019 \$
Fully paid ordinary shares - 32,750,003 (2019: 32,750,003)	4,733,874	4,733,874
<b>Total share capital</b>	<b>4,733,874</b>	<b>4,733,874</b>

**b. Movements in ordinary share capital:**

Date	Details	Number of shares	Issue Price	\$
<b>1 July 2018</b>	<b>Opening balance</b>	<b>5,000,003</b>		<b>100,003</b>
10 July 2018	Seed Capital Issue Tranche #2	4,000,000	\$0.080	320,000
31 December 2018	Shares issued during IPO	22,500,000	\$0.200	4,500,000
31 December 2018	Consideration for Northern Territory tenements	375,000	\$0.195	73,125
31 December 2018	Consideration for Western Australian tenements	875,000	\$0.195	170,625
	Less Transaction costs	-	-	(429,879)
<b>30 June 2019</b>	<b>Balance at 30 June 2019</b>	<b>32,750,003</b>		<b>4,733,874</b>
	Movements for the year	-		-
<b>30 June 2020</b>	<b>Balance at 30 June 2020</b>	<b>32,750,003</b>		<b>4,733,874</b>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 13: CONTRIBUTED EQUITY (continued)**

*Share buy-back*

There is no current on-market share buy-back.

*Dividends*

There were no dividends paid or declared during the year.

*Capital risk management*

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company is not subject to any externally imposed capital requirements.

**NOTE 14: RESERVES**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>a. Reserves</b>		
Options	875,552	875,552
<b>Movements:</b>		
<i>Options</i>		
Opening balance	875,552	-
Share based payments (Note 15)	-	832,623
Options issued as consideration for tenement	-	42,873
Proceeds from listed options issued	-	56
<b>Closing balance</b>	<b>875,552</b>	<b>875,552</b>

**Nature and purpose of reserves – options**

The options reserve recognises the grant date fair value of options issued but not exercised.

**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 15: SHARE BASED PAYMENTS**

During the year ended 30 June 2020, there were no share based payments.

During the year ended 30 June 2019, 5,975,000 options, which vested immediately, were issued to, were issued and recorded in the reserve at \$875,552 being the fair value on the grant date. Of that \$390,522 relates to remuneration to the Company's key management personnel (Note 22), \$42,873 relates to capitalised tenement acquisition costs (Note 10) and \$442,157 relates to constancy costs. The options have been valued by the Directors using the Black-Scholes option pricing model based on the following:

	Grant Date	Expiry Date	Exercise Price	Balance 01/07/18	Granted during the year	Exercised during the year	Expired or Change due to Resigning	Balance 30/06/19	Number vested and exercisable
Director Options	28/11/18	28/11/22	\$0.25	-	2,650,000	-	-	2,650,000	2,650,000
Broker Options	28/11/18	28/11/22	\$0.25	-	2,000,000	-	-	2,000,000	2,000,000
Lead Manager Options	28/11/18	28/11/22	\$0.25	-	1,000,000	-	-	1,000,000	1,000,000
Consideration Option	28/11/18	28/11/22	\$0.25	-	325,000	-	-	325,000	325,000
<b>Total</b>				<b>-</b>	<b>5,975,000</b>	<b>-</b>	<b>-</b>	<b>5,975,000</b>	<b>5,975,000</b>

	Director Options	Broker Options	Lead Manager Options	Consideration Options
Underlying value of the security	\$0.20	\$0.20	\$0.20	\$0.20
Exercise price	\$0.25	\$0.25	\$0.25	\$0.25
Grant date	28/11/18	28/11/18	28/11/18	28/11/18
Expiry date	28/11/22	28/11/22	28/11/22	28/11/21
Life of Options in years	4.00	4.00	4.00	3.00
Volatility	116%	116%	116%	116%
Risk free rate	2.18%	2.18%	2.18%	2.18%
Number of Options	2,650,000	2,000,000	1,000,000	325,000
Valuation per Option	\$0.1474	\$0.1474	\$0.1474	\$0.1319
Valuation	\$390,522	\$294,754	\$147,403	\$42,873

There were no shares issued during the year ended 30 June 2020. Weighted average share price in relation to shares issued during the year ended 30 June 2019 was \$0.15.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.16 years (2019: 3.16 years).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 16: COMMITMENTS**

**a. Mineral exploration expenditure**

The Company must meet the following tenement expenditure commitments to maintain its tenements in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments are not provided for in the financial statements and are as follows.

	<b>2020</b> \$	<b>2019</b> \$
Not later than one year	87,000	87,000
After one year but less than five years	125,830	348,000
	<b>212,830</b>	<b>435,000</b>

**NOTE 17: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company has no contingent liabilities or contingent assets as at 30 June 2020 or at 30 June 2019.

**NOTE 18: EVENTS AFTER THE REPORTING PERIOD**

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, other than:

- On 6 August 2020, the Company announced it had entered into a binding terms sheet to acquire 100% of Goldview Metals Pty Ltd which holds 100% of the Island Gold Project (Proposed Transaction). The terms sheet is subject to conditions precedent including the Company obtaining shareholder approval for the Proposed Transaction.
- On 6 August 2020, the Company announced it had received firm commitments for a placement of \$1.6 million (before costs) at an issue price of \$0.18 per share for 8,888,889 shares, subject to shareholder approval.
- On 6 August 2020, the Company announced a non-renounceable pro-rata entitlement offer to eligible shareholders on the basis of 1 share for every 5.9 shares held at the record date at an issue price of \$0.18 per new share to raise up to approximately \$1.0 million (before costs).

**NOTE 19: LOSS PER SHARE**

	<b>2020</b> \$	<b>2019</b> \$
Loss per share from continuing operations attributable to the ordinary equity holders of the company:		
Basic/diluted loss per share in cents from continuing operations	(1.13)	(5.47)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	32,750,003	22,435,619
Basic/diluted loss from continuing operations	(369,505)	(1,226,824)

The 22,435,619 options on issue at 30 June 2020 (2019: 22,435,619) were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 20: CASH FLOW INFORMATION**

**a. Reconciliation of cash flow from operations with loss after income tax**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(369,505)	(1,226,824)
<b>Non-cash flows in loss:</b>		
Depreciation	990	269
Share based payments expense	-	832,623
<b>Changes in assets and liabilities net of effects of purchase of subsidiaries:</b>		
(Increase) in trade and other receivables	(976)	(2,543)
Decrease/(increase) in prepayments	6,496	(11,668)
Increase/(decrease) in trade and other payables	15,269	(19,417)
<b>Net cash used in operating activities</b>	<b>(347,726)</b>	<b>(427,560)</b>

**b. Non cash financing and investing activities**

The Company issued nil (2019: \$243,750) shares as part consideration for tenement acquisitions as detailed in Note 13.

**NOTE 21: FINANCIAL INSTRUMENTS**

**Financial Risk Management**

The Company's principal financial instruments are Cash and cash equivalents. Trade and other receivables, and Trade and other payables.

*Overview*

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

- liquidity risk
- credit risk
- market risk (interest rate risk)

This note presents information about the Company's exposure to each of the above risks. The Company has no foreign exchange risk for 2020 or 2019 as the Company had no foreign currency transactions or balances.

*Financial Risk Management Policies*

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established by the Board of Directors to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 21: FINANCIAL INSTRUMENTS (Continued)**

	2020 \$	2019 \$
<b>Financial Assets</b>		
Cash and cash equivalents	3,256,442	3,866,329
Trade and other receivables	7,283	13,780
	<u>3,263,725</u>	<u>3,880,109</u>
<b>Financial Liabilities</b>		
Trade and other payables	43,563	35,450
	<u>43,563</u>	<u>35,450</u>

*Liquidity Risk and Liquidity Risk Management*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives. The Board frequently reviews budget variance analyses that include working capital projections to monitor working capital requirements and optimise cash utilisation.

The Company continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The following are the contractual maturities of financial liabilities:

**At 30 June 2020**

	Weighted average interest rate %	Carrying Amount	Under 6 Months	6 – 12 Months	1 – 2 years	2 – 5 years
<b>Non-derivative financial liabilities:</b>						
Trade and other payables (Note 12)	-	43,563	43,563	-	-	-
		<u>43,563</u>	<u>43,563</u>	<u>-</u>	<u>-</u>	<u>-</u>

**At 30 June 2019**

	Weighted average interest rate %	Carrying Amount	Under 6 Months	6 – 12 Months	1 – 2 years	2 – 5 years
<b>Non-derivative financial liabilities:</b>						
Trade and other payables (Note 12)	-	35,460	35,460	-	-	-
		<u>35,460</u>	<u>35,460</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 21: FINANCIAL INSTRUMENTS (Continued)**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

*Credit Risk*

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Banks and financial institutions are chosen only if they are independently rated parties with a minimum rating of 'A'.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

*Market risk- Interest Rate Risk*

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2020	Weighted Average Interest Rate %	Floating Interest Rate \$	Fixed Interest Maturing in 1 Year or Less \$	Fixed Interest Maturing in over 1 Year \$	Non- Interest Bearing \$	Total \$
<b>Financial Asset</b>						
Cash and cash equivalents	0.04	3,256,442	-	-	-	3,256,442
Trade and other receivables	-	-	-	-	7,283	7,283
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	(43,563)	(43,563)
<b>Net Financial Assets</b>		3,256,442	-	-	(36,280)	3,220,162



**CAPRICE RESOURCES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**NOTE 21: FINANCIAL INSTRUMENTS (Continued)**

<b>2019</b>	<b>Weighted Average Interest Rate %</b>	<b>Floating Interest Rate \$</b>	<b>Fixed Interest Maturing in 1 Year or Less \$</b>	<b>Fixed Interest Maturing in over 1 Year \$</b>	<b>Non- Interest Bearing \$</b>	<b>Total \$</b>
<b>Financial Asset</b>						
Cash and cash equivalents	1.76	232,419	3,633,910	-	-	3,866,329
Trade and other receivables	-	-	-	-	13,780	13,780
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	(35,450)	(35,450)
<b>Net Financial Assets</b>		232,419	3,633,910	-	(21,670)	3,844,659

The following tables summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk:

<b>2020</b>	<b>Carrying Amount \$</b>	<b>-1% Profit \$</b>	<b>Equity \$</b>	<b>+1% Profit \$</b>	<b>Equity \$</b>
Cash and cash equivalents	3,256,442	(32,564)	(32,564)	32,564	32,564
<b>Total increase/(decrease)</b>		(32,564)	(32,564)	32,564	32,564

<b>2019</b>	<b>Carrying Amount \$</b>	<b>-1% Profit \$</b>	<b>Equity \$</b>	<b>+1% Profit \$</b>	<b>Equity \$</b>
Cash and cash equivalents	3,866,329	(38,663)	(38,663)	38,663	38,663
<b>Total increase/(decrease)</b>		(38,663)	(38,663)	38,663	38,663

*Financial risk management objectives*

The Company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors. These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits.

**CAPRICE RESOURCES LTD****ABN 96 624 970 725****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020****NOTE 22: INTERESTS OF KEY MANAGEMENT PERSONNEL**

Refer to the remuneration report contained in the Directors' Report for additional details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the year ended 30 June 2020.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	<b>Short-Term Benefits \$</b>	<b>Post-Employment Benefits \$</b>	<b>Termination Payments \$</b>	<b>Share-Based Payments \$</b>	<b>Total KMP Compensation \$</b>
2020 Total	108,000	2,280	-	-	110,280
2019 Total	73,000	1,330	-	390,522	464,852

**Other KMP Transactions**

For details of other transactions with KMP, refer to Note 23 Related Party Transactions and Balances.

**NOTE 23: RELATED PARTY TRANSACTIONS AND BALANCES**

The Company's only related entities are the key management personnel. Key management personnel are any people having authority and responsibility for planning, controlling and directing the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). The Company has determined that the only key management personnel are the directors and company secretary.

Bellanhouse Legal received \$20,098 (2019: \$161,084) during the year for the provision of legal services in relation to general legal matters. Bellanhouse Legal was a related party of Non-Executive Chairman, Bryn Hardcastle.

Due to the COVID-19 pandemic, the directors agreed to defer director fees payable as part of a strategy to conserve the Company's cash balance. As at 30 June 2020, the following amounts, which are included in trade and other payables in the financial statements, were owed to the directors or their related entities in relation to director fees:

	<b>Director fees due but not paid as at 30 June 2020 \$</b>	<b>Director fees due but not paid as at 30 June 2019 \$</b>
Mr Bryn Hardcastle	<sup>1</sup> 6,600	-
Mr David Church	<sup>2</sup> 6,570	-
Mr Scott Patrizi	<sup>1</sup> 9,900	-
<b>Total</b>	<b>23,070</b>	<b>-</b>

<sup>1</sup> Includes GST

<sup>2</sup> includes superannuation entitlement on director fees

All transactions with related parties have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## **CAPRICE RESOURCES LTD**

**ABN 96 624 970 725**

### **DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Caprice Resources Ltd, the Directors of the Company declare that:

1. the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2.
  - a. the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
  - b. the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2020 and of the performance for the year ended on that date;
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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



**Bryn Hardcastle**

**Non-Executive Chairman**

Dated this 12<sup>th</sup> day of August 2020

**RSM Australia Partners**

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[www.rsm.com.au](http://www.rsm.com.au)**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CAPRICE RESOURCES LTD****Opinion**

We have audited the financial report of Caprice Resources Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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## Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
<b>Exploration and evaluation assets</b> Refer to Note 10 in the financial statements	
<p>The Company has capitalised exploration and evaluation expenditure with a carrying value of \$714,528 at the reporting date.</p> <p>We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:</p> <ul style="list-style-type: none"> <li>• Determining whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest;</li> <li>• Assessing whether any indicators of impairment are present at the reporting date and if so, judgement applied to determine and quantify any impairment loss; and</li> <li>• Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined.</li> </ul>	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> <li>• Obtaining evidence that the Company has valid rights to explore in the areas of interest;</li> <li>• Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest;</li> <li>• Enquiring with management and reviewing budgets to test that the Company will incur substantive expenditure for each area of interest in the future;</li> <li>• Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined; and</li> <li>• Assessing and evaluating management's assessment that no indicators of impairment existed at the reporting date.</li> </ul>

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

**Report on the Remuneration Report***Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Caprice Resources Limited, for the year ended 30 June 2020, 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.

**RSM**  
RSM AUSTRALIA PARTNERS

Perth, WA  
Dated: 12 August 2020

**ALW**  
ALASDAIR WHYTE  
Partner