

SANTANA

MINERALS LIMITED



ANNUAL
REPORT

2019

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Chairman's Letter

Dear Shareholders

It was certainly another challenging year for Santana with the ability to attract sufficient funding for the advancement of our exploration efforts across our Chilean and Mexican projects proving limited.

Despite some encouraging results from our first pass diamond drill program at Becker's Lajuelas Prospect that included 12m @8.1g/t Au from 9m and 16m @3.5g/t Au from 25m, several unanticipated fault zones led to limited success across the remainder of the 15 hole program with subsequent exploration efforts directed to further geological interpretation. The Company continues to believe that the Becker and Cuitaboca Projects are still highly prospective and is committed to examining various exploration and corporate options to realise value for shareholders.

With opportunism being at the heart of grass roots exploration, the Company is delighted to have signed a binding term sheet with Mekong Minerals Limited ("Mekong") to purchase Mekong's 75% interest in the Sayabouly Project in Lao. The primary prospect is the Phu Lon Nickel sulphide and secondary the Nakhon gold prospects as well as two Cambodian gold projects in which Mekong holds farmed out interests. The Sayabouly Project provides the Company with exploration ground highly prospective for nickel sulphides, platinum, cobalt and chromium – metals that are seen as having broad based appeal in the current commodities environment. Surface and trench sampling have shown that a broad spectrum of metals are present across a 14.0 km by 1.0 km ultramafic intrusive dyke, including encouraging nickel trench results of 36m @ 1.01% and 42m @1.02%. We now look forward to completing the acquisition of Sayabouly and raising approximately \$3M - \$4M to complete a material works program across the project and are highly optimistic for what value this project might deliver for shareholders over the next 12 months.

Junior exploration can be a difficult game, but persistence and the ability to evaluate and secure prospective projects has and always will be the lifeblood of this industry. Against a backdrop of more favourable commodity prices and with a new project in the stable we look forward to the year ahead with excitement and optimism.

On behalf of the Board of Directors I would like to thank our loyal shareholders for their ongoing support.

Sincerely,



Norman Seckold

Management Review – Operations

Review of Operations

For the year under review the Company's focus was precious metals exploration with operational activities focused on interests held in the Becker Gold Project in Chile (Region VII) and in the Cuitaboca Silver-Gold Project in Mexico (Sinaloa State).

Chile – Becker Gold Project (earning to 85%)

The Becker Project is located approximately 210km south of Santiago and 40km north west of Talca in Region VII, Chile (**Figure 1**). The project area comprises 2,000ha of exploitation tenements and an additional 4,800ha of exploration tenements constituted in 2018. The two main prospects identified within the project are the Lajuelas and Guindos vein systems. They have been interpreted to host intermediate sulphidation epithermal to mesothermal Au-Ag mineralisation. The Project was discovered in 1995 by Arauco Resources Corporation through sampling of surface boulders which returned gold values along the entire 350 metre Lajuelas trend with high values ranging from 23.5 g/t Au to 79.0 g/t Au.

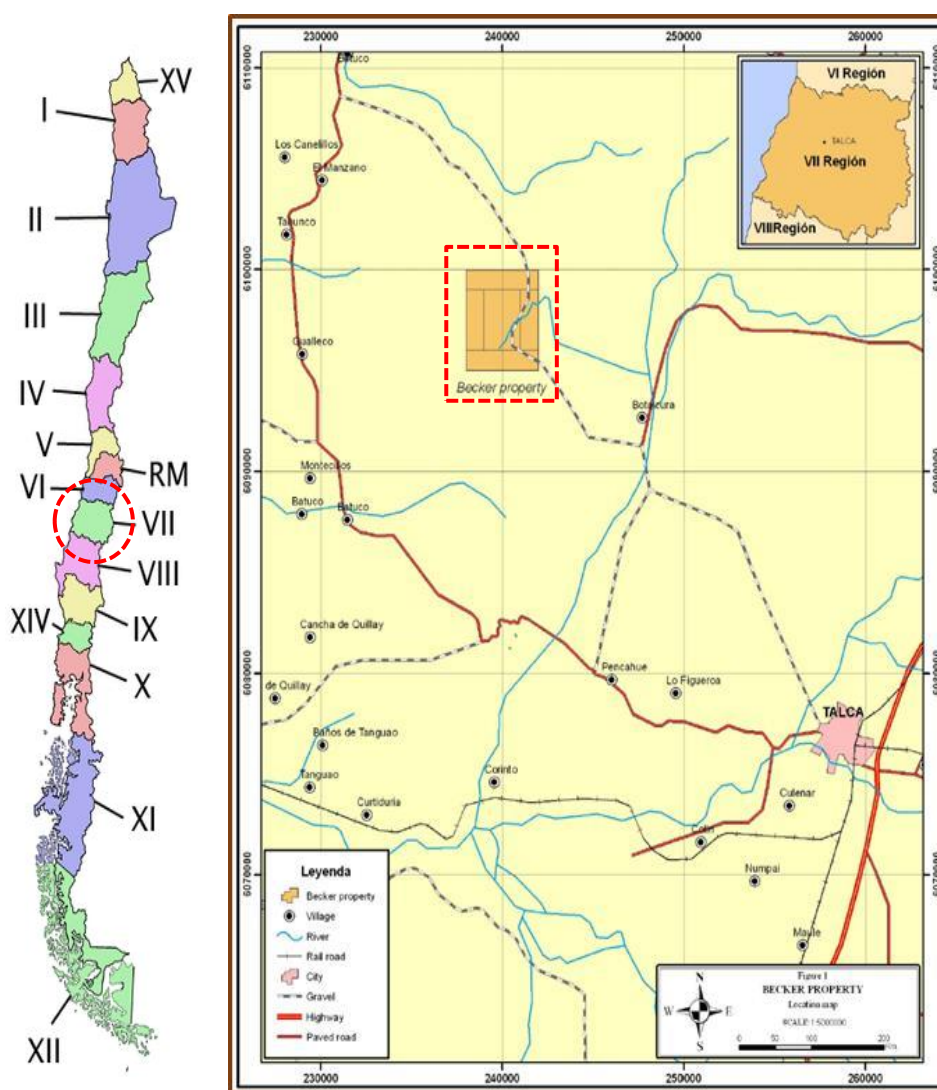


Figure 1: Project Location

Santana assumed control of the Becker Gold Project in June 2018 by acquiring 100% of the shares in Carlin Resources Pty Ltd ('Carlin'), which holds rights to earn up to 85% of the Project. Santana assumed all obligations of Carlin in relation to the Project including milestone payments and minimum exploration expenditure requirements. Santana also has the database of all historical workings and retained the Project's incumbent geological team.

Following previous surface mapping and trenching by Arauco Resources in 1996 and confirmation of the 1996 results and ground geophysics by Carlin Resources in 2017, the Company undertook a maiden diamond core drill program at the Lajuelas prospect and at the Guindos prospect in the first half of the year under review. The drill program included a total of 1,180m drilled over 15 holes: 10 at Lajuelas and 5 at Guindos.

The 10 drill hole locations at Lajuelas (BDH18-1 to BDH18-9 – incl. BDH18-7 & 7A) and 5 drill hole locations at Guindos (BDH18-10 to BDH18-14) are shown in **Figure 2**. Lajuelas drill hole location relative to the Trench locations are shown in **Figure 3**.

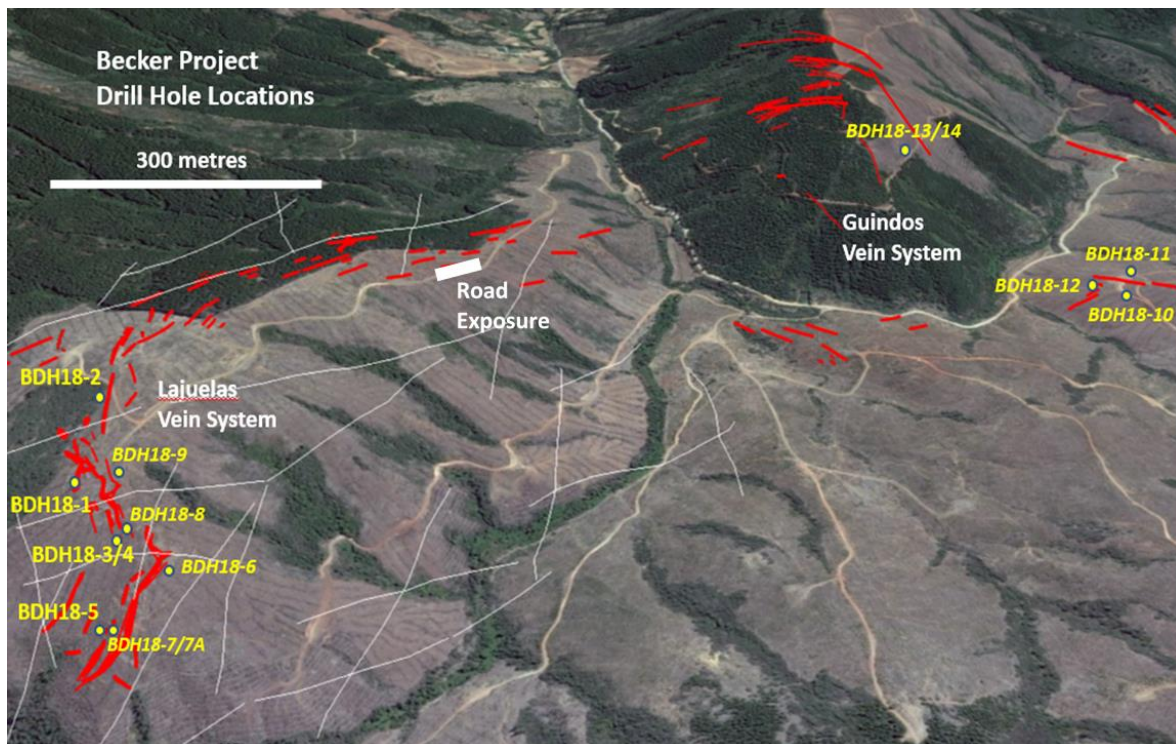


Figure 2: Becker Project 2018 drill holes (BDH) + mapped surface quartz veins (red) + structural features inferred from ground geophysics.

The initial 6 drill holes (BDH18-01 to 06) were planned with the objective of testing the down-dip continuity of targeted quartz veins at depths of 60-75m. One or more low-angle fault zones appear to have displaced the veins in part and previously unknown veins were intersected. The drill program continued in conjunction with some further trenching.

Drilling was adjusted so that the then remaining drill holes at Lajuelas (BDH18-7, 7A, 8, 9) were targeted to intersect the main Lajuelas vein system above the interpreted fault zone(s). These holes were successful in intersecting the veins as targeted and effectively confirmed the presence of high-grade Au +/- Ag in the veins. Most notable is hole BDH18-8. Refer to **Table 1** below.

Table 1: Significant Assays from Lajuelas Drillholes

Hole_ID	From	To	m	Au g/t	Ag g/t	Cu_ppm	Pb_ppm	Zn_ppm
BDH18-01	No significant assays							
BDH18-02	No significant assays							
BDH18-03	70.5	72	1.5	1.8	1.7	200	52	99
BDH18-04	No significant assays							
BDH18-05	5	5.9	0.9	1.8	0.6	133	23	50
BDH18-06	No significant assays							
BDH18-07	4	7	3	1.6	1.8	110	53	119
BDH18-07A	4	8	4	1.7	4.8	175	84	144
incl	4	5	1	7	5.8	64	39	83
BDH18-08	2	6	4	1.3	0.8	132	42	60
BDH18-08	9	21	12	8.1	15.3	96	48	24
incl	10	11	1	10.3	6.6	67	61	39
incl	12	13	1	10.1	4.9	58	32	22
incl	14.7	16	1.3	17.5	24.6	125	37	24
incl	18	20	2	12.9	3.9	48	71	15
BDH18-08	25	41	16	3.5	4	178	88	37
incl	33	35	2	17.2	14.2	159	33	21
BDH18-09	0	7	7	2.8	0.9	55	21	40
BDH18-09	14	15	1	2.63	0.6	7	21	60

Narrow (<2m) zones of intense silica-pyrite alteration is common adjacent to the veins. However, 2-metre wide half-core samples collected through pyrite-rich sections of the alteration types do not indicate any significant enrichment in precious (Au, Ag) or base (Cu, Pb, Zn) metals. The drill holes have also confirmed that the Lajuelas Prospect was intensely altered. Alteration is predominately propylitic, manifested as pervasive chlorite-epidote with abundant pyrite as fine-grained disseminations (2-20%) and vein-fills. The types and styles of alteration corroborate the low-magnetic and high-chargeability signature of the Lajuelas area as interpreted by the ground magnetic and gradient IP surveys completed by Carlin Resources in 2017.

The location of trenches completed in conjunction with the drilling are shown in **Figure 3**. The trenching confirmed the veins were in-situ. Trench BDT18-1 exposed a 4m wide quartz vein averaging 3.33g/t Au, trench BDT18-2 exposed a 2m wide quartz vein averaging 5.61 g/t Au and trench BDT18-3 exposed a 3m wide quartz vein averaging 10.58 g/t Au. The trenches were dug using an excavator to a depth of approximately 8m. Samples were collected from the exposed vein in each trench wall. Trench wall assay results are shown in **Table 2**. The work confirmed the target veins to be in-situ and that the vein characteristics, widths and Au grades are closely comparable to previous work by Arauco Resources and Carlin Resources. Previous trench results reported by Carlin Resources in 2017 along the same Lajuelas structure returned: 1m @ 5.3 g/t Au, 4m @ 30.7 g/t Au and 3m @ 9.8 g/t Au along approximately 300m of inferred vein strike length.

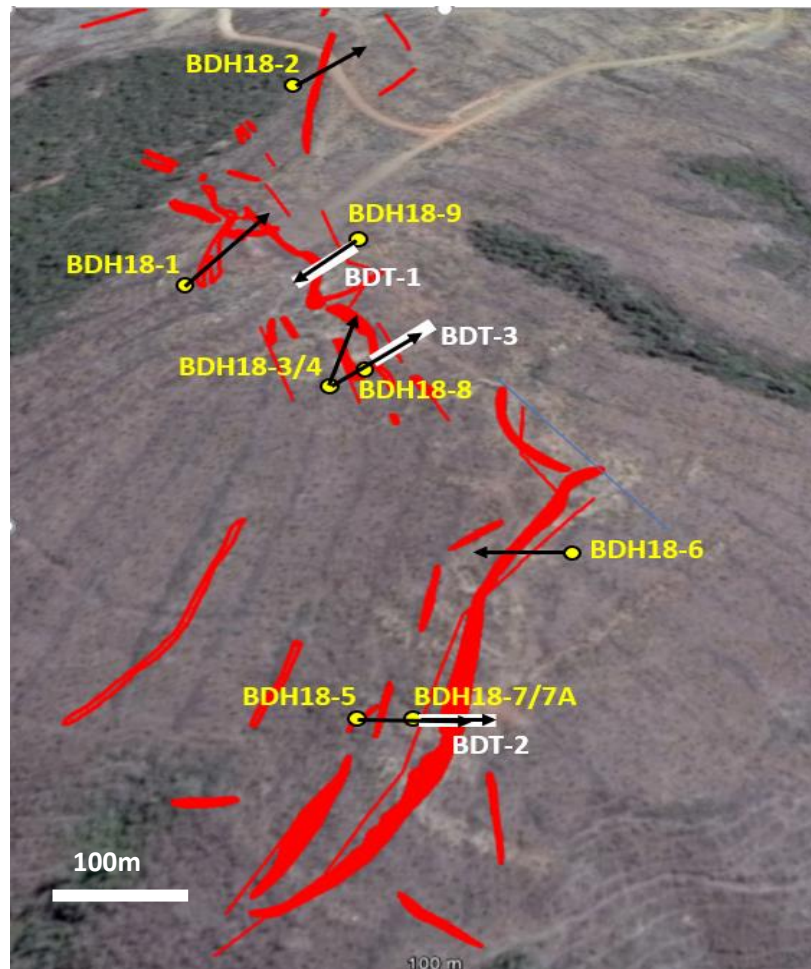


Figure 3: Drill holes (BDH) + trench locations (BDT) at the Lajuelas prospect area relative to the Lajuelas vein system.

Table 2: Assay results of 1m channel sampling in Lajuelas trenches

Trench_ID	From	To	Width	Location	Au g/t	Ag g/t	Cu_ppm	Pb_ppm	Zn_ppm
BDH18-1	3	4	1	SE wall	2.03	0.4	45	75	44
BDH18-1	2	3	1	SE wall	7.15	1.3	11	40	13
BDH18-1	1	2	1	SE wall	1.91	1.6	25	33	17
BDH18-1	0	1	1	SE wall	3.8	1.1	14	36	11
BDH18-1	3	4	1	SW wall	1.96	0.3	17	43	24
BDH18-1	2	3	1	SW wall	2.59	1	19	53	15
BDH18-1	1	2	1	SW wall	5.57	2.1	18	15	9
BDH18-1	0	1	1	SW wall	1.7	0.4	34	23	11
BDT18-2	5	6	1	N wall	0.06	0.4	30	67	131
BDT18-2	4	5	1	N wall	0.23	0.7	30	68	112
BDT18-2	3	4	1	N wall	10.35	2.4	50	71	48
BDT18-2	2	3	1	N wall	0.88	0.7	53	53	29
BDT18-2	0	1	1	N wall	0.14	0.6	162	89	147
BDH18-3	2	3	1	SE wall	19	5.3	25	49	9
BDH18-3	1	2	1	SE wall	4.47	2	33	20	15
BDH18-3	0	1	1	SE wall	15.4	3.6	18	55	11
BDH18-3	2	3	1	NW wall	10.3	1.6	24	17	13
BDH18-3	1	2	1	NW wall	13.25	2.4	18	20	12
BDH18-3	0	1	1	NW wall	1.06	0.7	39	47	37

Post drilling the Company also sampled a previously unsampled section of exposed quartz vein material along the Lajuelas access road, approximately 300m north of previous trenching. The road section contains quartz veins and broken quartz rubble and is currently interpreted as a fault zone. A 26m section of the exposure was sampled and returned 9 metres of 5.44 g/t Au including a 2-metre interval of 21 g/t Au. The assay results (**Table 3**) from the exposed vein material are consistent with those obtained from other Lajuelas quartz vein samples.

Table 3: Assay results of 1m channel sampling of Lajuelas road exposure

Trench_ID	From	To	Width	Location	Au g/t	Ag g/t	Cu_ppm	Pb_ppm	Zn_ppm
Lajuelas Road Cut	15	16	1	NE Face	0.81	0.6	40	18	33
Lajuelas Road Cut	16	17	1	NE Face	0.61	0.2	51	42	76
Lajuelas Road Cut	17	18	1	NE Face	1.45	0.6	56	59	42
Lajuelas Road Cut	18	19	1	NE Face	1.47	0.6	51	63	31
Lajuelas Road Cut	19	20	1	NE Face	0.61	0.5	39	56	84
Lajuelas Road Cut	20	21	1	NE Face	0.45	0.2	26	46	70
Lajuelas Road Cut	21	22	1	NE Face	25.2	5.4	55	54	73
Lajuelas Road Cut	22	23	1	NE Face	16.7	3.4	43	42	47
Lajuelas Road Cut	23	24	1	NE Face	1.63	0.8	31	30	48
Lajuelas Road Cut	24	25	1	NE Face	0.17	0.6	38	28	46
Lajuelas Road Cut	25	26	1	NE Face	0.48	0.3	35	41	46
Lajuelas Road Cut	26	27	1	NE Face	0.75	0.4	30	28	53
Lajuelas Road Cut	27	28	1	NE Face	0.1	0.5	27	21	57
Lajuelas Road Cut	28	29	1	NE Face	0.07	0.3	25	32	40
Lajuelas Road Cut	29	30	1	NE Face	0.04	0.3	21	26	29
Lajuelas Road Cut	30	31	1	NE Face	0.09	0.2	13	16	19
Lajuelas Road Cut	31	32	1	NE Face	2.99	0.8	16	22	27
Lajuelas Road Cut	32	33	1	NE Face	0.15	0.2	32	31	56
Lajuelas Road Cut	33	34	1	NE Face	0.33	0.2	19	20	32
Lajuelas Road Cut	34	35	1	NE Face	3.18	0.9	32	50	61
Lajuelas Road Cut	35	36	1	NE Face	0.08	0.3	27	25	40
Lajuelas Road Cut	36	37	1	NE Face	0.07	0.6	26	34	45
Lajuelas Road Cut	37	38	1	NE Face	0.05	0.3	18	77	26
Lajuelas Road Cut	38	39	1	NE Face	0.04	0.2	21	70	39
Lajuelas Road Cut	39	40	1	NE Face	0.02	<0.2	12	25	45
Lajuelas Road Cut	40	41	1	NE Face	0.02	0.3	14	51	41

Guindos Prospect

Drilling at the Guindos Prospect (**Figure 2**), did not return any significant precious metals mineralisation, with a total of 432m drilled in 5 diamond drill holes.

Although no significant precious metal mineralization was intersected at Guindos, significant intercepts of sulphide-bearing quartz veins and breccia were intersected, with widths from 4-17m. The host rock of the quartz veins is predominately a polymictic breccia of undetermined origin which shows pervasive superimposed pyrite manifesting as abundant fine and coarse-grained disseminations and stringers. Disseminated chalcopryrite and minor chalcocite occur associated with pyrite in the quartz veins and associated quartz breccia. BDH18-11 intersected 9m of 0.3% Cu and 3 g/t Ag from 49-58m, with 1m intercept of 1% Cu and 14 g/t Ag.

Mexico – Cuitaboca (earning to 80%)

The Cuitaboca Project mining concessions cover an area of 5,500ha approximately 100 km north east of the city of Los Mochis in Sinaloa, Mexico (Figure 1).

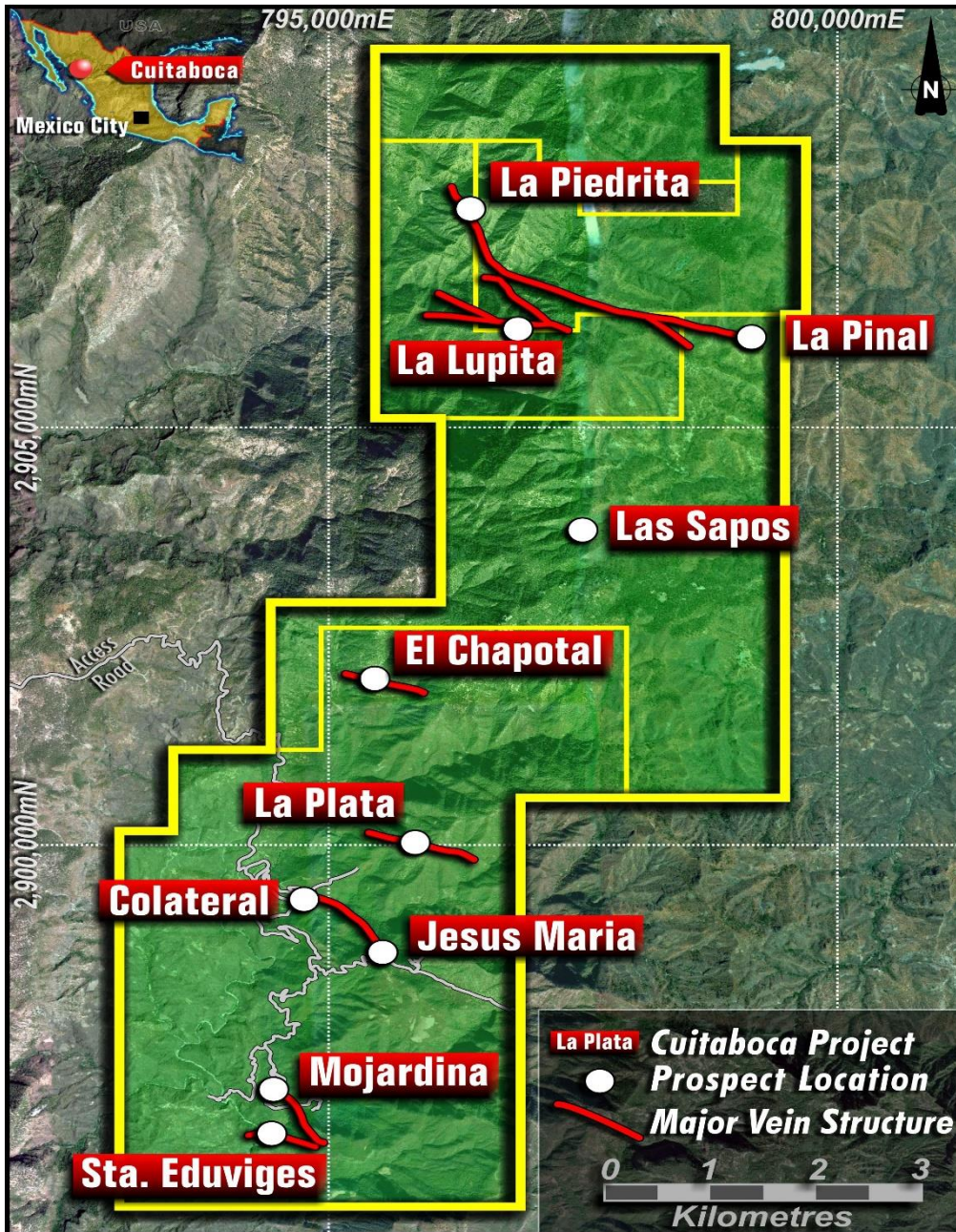


Figure 1: Cuitaboca Project location map including major vein/prospect locations.

Cuitaboca lies in the foothills of the Sierra Madre Occidental dominated by andesite flows and tuffs of the lower volcanic group, with minor rhyolites of the upper volcanic group at higher elevations. Silver-gold rich mineralisation is hosted in the lower volcanic group andesites.

The Cuitaboca mining concessions are owned by Consorcio Minero Latinoamericano SA de CV (Concession Holder), which has granted rights to acquire 100% of the mining concessions through a Concession Option Agreement, to Minera Cuitaboca SA de CV ("Project Company" a controlled entity of Santana). Santana is earning up to an initial 80% interest in the Project Company and has committed to meet 100% of expenditure. Santana has management of the Cuitaboca Project through ownership of the Project Company. Santana is required to meet all expenditure (including option fees which the Project Company has agreed to pay the Concession Holder, concession rentals plus exploration expenditure as Santana determines). Once the Concession Option Agreement is completed the expenditure reverts to 80% Santana 20% to a co-venturer (a director related party) and contribution to budgets will be pro-rata or the non-contributing party will dilute.

Exploration Overview

The Cuitaboca Project has not been subject to any significant exploration expenditure in the reporting period. Significant funds are required for infrastructure works and silver prices have remained low comparative to gold. Accordingly, the Company's priority spending has been at the Becker Project in Chile.

The following is a status summary of Cuitaboca.

Mojardina Prospect

Reverse Circulation drilling at Cuitaboca (44 holes for circa 6,300m) prior to 30 June 2017 led to early stage metallurgical testing of mineralisation from the Mojardina Prospect and interpretation of an open zone of >100 g/t Ag at depth and along strike at both the Las Animas and Evangelina systems, within the northern area of Mojardina. Drilling had also identified the potential of further discovery at the southern extensions.

Preliminary metallurgical test results were very encouraging with a high degree of silver mineralisation liberation could be expected and the silver is likely amenable to cyanide leaching. The silver extraction by leaching indicates recovery levels greater than 93% were achieved.

A resource estimate has not been undertaken to date. An uplift in the silver price would encourage further drilling to test the open zones at Mojardina and at the La Plata and Prospect and likely be followed by a resource estimate.

Northern Regions of Cuitaboca

It is the northern areas of the Cuitaboca minerals concessions where the Company's earlier exploration has identified gold and silver in soil and rock chip samples. Access to this area is restricted by lack of infrastructure but it is considered to have significant potential. Hopefully when the financial markets are more robust in support of the junior explorers this area will see programs undertaken and access roads constructed.

Mexico – Namiquipa (100%)

No further work was undertaken and the Company has completed relinquishment of any further interest, by transferring back to the underlying land owner who has also assumed all liabilities to the Governments for annual fees and taxes, remediation as required by Government and the like.

Corporate Activities

In March and April 2019, the Company undertook private placements to raise \$0.4m through the issue of 80,000,000 fully paid ordinary shares. The placement was completed at \$0.005 per share.

In addition, in April 2019 the Company completed a share purchase plan offer to existing shareholders through the issue of 36,420,000 fully paid ordinary shares to raise \$182,100. The share purchase plan was completed at \$0.005 per share.

Competent Person/Qualified Person

The information in this report that relates to exploration targets, exploration results, mineral resources or ore reserve is based on information compiled by Mr Leahey, who is a Member of the Australian Institute of Geoscientists. Mr Leahey is a consultant to the Company. Mr Leahey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Leahey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mining Tenement Schedule at 30 September 2019

Name	Number	Area	Status	Interest
Cuitaboca, Sinaloa, Mexico				
El Chapotal #	210765	126ha	Granted	Earning to 80%
San Rafael #	214243	528ha	Granted	Earning to 80%
Nuestra Señora Del Carmen #	208560	79.47ha	Granted	Earning to 80%
San Pedro #	210767	29.15ha	Granted	Earning to 80%
Jesús Maria #	205338	13.62ha	Granted	Earning to 80%
San Rafael II #	222493	540ha	Granted	Earning to 80%
Cuitaboca #	222494	2,401ha	Granted	Earning to 80%
Los Sapos #	226832	1,386ha	Granted	Earning to 80%
Cuita *	244943	456.71ha	Granted	100%

Minera Cuitaboca S.A. de C.V. has the right to acquire the above concessions under an option agreement (**Concession Option Agreement**) with Consorcio Minero Latinoamericano S.A. de C.V. (**Concession Holder**). The Concession Option Agreement provides for the acquisition of a 100% interest in the concessions from the Concession Holder by paying option fees totalling US\$3,500,000, with those option fees payable on a six monthly basis.

The Consolidated Entity can initially earn 80% of the Project Company by meeting expenditure and the remaining option fees under the Concession Option Agreement.

*The Cuita Concession is pending a formal transfer to Santana's wholly owned subsidiary.

Name/No.	Nature	Area	Status	Interest
Becker Project, Chile,				
Becker 1-8	Exploitation (Pertenencias)	2,000ha	Granted	Option to earn to 85% #1
Agua Buena 9-11	Exploration (Pedimentos)	900ha	Granted	#2 + #3
Monte Maqui 18-19	Exploration (Pedimentos)	600ha	Granted	#2 + #3
Becker North 27	Exploration (Pedimentos)	300ha	Granted	#2 + #3
Becker North East 12 - 17	Exploration Application	1,800ha	Application	#2 + #3
Gualleco 20-24	Exploration Application	1,500ha	Application	#2 + #3
Botalcura 25, 26, 28	Exploration Application	900ha	Application	#2 + #3

#1 subject to a 1% NSR in favour of Condor Resources – prior owner

#2 PJ Burns will be deemed a 20% holder and free carried to DFS stage

#3 Applications made in name of company's agent, Ramon Luis Cortez Farias and may be transferred upon grant

Corporate Governance Statement

This statement describes the corporate governance practices of the Company and any of its Subsidiaries ('Consolidated Entity') as at the date of this report.

The board of directors is responsible for the overall corporate governance of the Consolidated Entity, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Consolidated Entity provides this statement disclosing the extent to which it has followed, as at the date of this report, the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('Recommendations'). This statement also provides details on the extent to which those Recommendations have not been followed and reasons for not following them.

The following discussion outlines the ASX Corporate Governance Council's eight principles and associated recommendations and the extent to which the Consolidated Entity complies with those recommendations.

Principle 1 - Lay solid foundations for management and oversight

Board and Management

The Board acts in the best interests of the Consolidated Entity as a whole and is accountable to shareholders for overall direction, management and corporate governance.

The Board has adopted a Board Charter, complying with Recommendation 1.1 of the Corporate Governance Council, which formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management.

The Board is responsible for setting the strategic direction of the Consolidated Entity and, without intending to limit the general role of the Board, for the management of the Consolidated Entity including:

- oversight of control and accountability systems;
- appointing and removing the Managing Director and Company Secretary;
- monitoring any Executive Officer's performance and implementation of strategy;
- monitoring developed strategies for compliance with best practice corporate governance requirements;
- approving and monitoring developed strategies for major capital and operating expenditure (including annual operating budgets), capital management, acquisitions and divestitures;
- monitoring developed strategies for compliance with all legal and regulatory obligations and ethical standards and policies;
- reviewing any systems of risk management (which may be a series of systems established on a per-project basis), internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- monitoring developed reporting strategies for reporting to the market, shareholders, employees and other stakeholders.

The board has delegated responsibility for operation and administration of the Consolidated Entity to the Chief Executive Officer and executive management.

In accordance with Recommendation 1.2, the Board Charter provides that the Board is responsible for undertaking appropriate background checks before appointing a person, or putting forward a candidate for election, as a Director. In addition, that all material information in the Board's possession, relevant to whether or not to elect or re-elect a Director, shall be provided to Shareholders.

Having regard to the size of the Board, written agreements with each director setting out the terms of their appointment have not been implemented in accordance with Recommendation 1.3. A written agreement has been implemented with the Chief Executive Officer.

In accordance with Recommendation 1.4, the Board Charter provides that the Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Diversity

The Consolidated Entity fosters a governance culture that embraces diversity in the composition of directors, executives and employees together with the appropriate skill mix, personal qualities, expertise and diversity of each position. Due to the size of the Consolidated Entity and the number of officers and employees a formal Diversity Policy with set measurable objectives for achieving gender diversity has not been implemented as per Recommendation 1.5 of the Corporate Governance Council.

The Consolidated Entity has 10% (approx.) female participation in the organisation. There are no females employed in senior executive positions or on the board.

Performance Review and Evaluation

The Board Charter provides that the Board must review the Board Charter annually and perform an evaluation of its performance at intervals considered appropriate by the Chairman. Given the Board conducted a review of its Board Charter within recent periods a review was not conducted in the current period. A performance evaluation of the Board was not undertaken during the current period.

The Board Charter also provides that the Board is responsible for monitoring any executive officer's performance, and has in place procedures relevant to the size of the Consolidated Entity to assess the performance of the Chief Executive Officer and executive team.

Given the Consolidated Entity's size and number of executive officers, the board has adopted an informal and continuous performance evaluation process. Evaluation of performance as described has been conducted throughout the period.

The Consolidated Entity has followed Recommendation 1.6 and 1.7 through the above disclosures.

A copy of the Board Charter is available on the Company's website, www.santanaminerals.com.

Principle 2 – Structure the Board to add value

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given the Consolidated Entity's current size, scale and nature of its activities.

Board nominations

Having regard to the size of the Board, the same efficiencies of a nomination committee would not be derived from a formal committee structure. The responsibility for examination of the selection and appointment practices of the Company to ensure that it has the appropriate balance of skills, knowledge, experience, independence and diversity rests with the Board and a nomination committee has not been established in accordance with Recommendation 2.1.

The Board has not developed a formal program for inducting new directors or for professional development in accordance with Recommendation 2.6, given that no new appointments have been made in recent periods. The board will consider a formal program for induction at the appropriate time.

Skills, knowledge and experience

The Board considers the mix of skills and the diversity of board members when assessing the composition of the Board. Directors are appointed based on the specific corporate and governance skills and experience required by the Consolidated Entity. The Board seeks to maintain a relevant blend of personal experience across commercial and technical disciplines relevant to the business of the Consolidated Entity.

The Board does not maintain a formal Board Matrix in accordance with Recommendation 2.2. However, the Board is comprised of highly experienced senior business personnel from a variety of professional and enterprise backgrounds. They each meet the fundamental requirements and, collectively, possess the skills, experience and diversity considered necessary to appropriately govern the Consolidated Entity.

The skills of each individual director that comprise the Board have been outlined in the director's report on page 20.

Assessment of independence

An independent director, in the view of the Consolidated Entity, is a non-executive director who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Consolidated Entity, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Consolidated Entity, or an employee materially associated with a service provider;
- is not a material supplier or customer of the Consolidated Entity, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Consolidated Entity other than as a director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Consolidated Entity; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Consolidated Entity.

The composition of the Board is reviewed periodically with regards to the optimum number and skills of directors required for the Board to properly perform its responsibilities and functions.

Independent directors

Due to the size and scale of the Consolidated Entity's current activities, the Board does not consist of a majority of independent directors. However, although the Board does not follow Recommendation 2.4, to facilitate independent decision-making, the Board has agreed procedures for directors to have access in appropriate circumstances to independent professional advice.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making.

The board of directors has one executive and three non-executive directors. In accordance with Recommendation 2.3 the names of the directors of the Company in office at the date of this report, specifying who are independent together with their length of service and relevant personal particulars, are set out in the directors' report commencing on page 20 of this report.

Chairman and Chief Executive Officer

The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning. The Chief Executive Officer is responsible and accountable to the Board for the Consolidated Entity's management.

The office of Chairman is held by Norman A. Seckold, who is not considered independent in accordance with Recommendation 2.5 of the Corporate Governance Council. However, the board considers that the office of Chairman is best served by Mr Seckold due to his extensive experience in the industry.

In accordance with Recommendation 2.5 of the Corporate Governance Council the role of Chief Executive Officer and Chairman are not exercised by the same person.

Professional advice and access to information

Directors have the authority to seek any information they require from the Consolidated Entity and any Director may, at the Company's cost, take such independent legal, financial or other advice as they and the Chairman consider necessary or appropriate. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice agreed upon.

Term of appointment as a director

The Constitution of the Company provides that a director, other than the Managing Director, may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the directors (excluding the Managing Director) must retire each year and are eligible for re-election. The directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

Remuneration

The remuneration for individual directors is determined by the Board as a whole, with total compensation for all non-executive directors not to exceed an aggregate per annum approved by Shareholders.

For further details on the amount of remuneration and any amount of equity based executive remuneration payment for each director, refer to the Remuneration Report in the Directors' Report.

Principle 3 – Act ethically and responsibly

Code of conduct and ethical standards

Although the Consolidated Entity has not established a formal code of conduct in accordance with Recommendation 3.1 given its size, the Consolidated Entity fosters a governance culture where all directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Consolidated Entity.

Every employee has direct access to a director or executive to whom they may refer any issues arising from their employment. The Consolidated Entity does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Conflicts of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Consolidated Entity. The Board has developed procedures to assist with conflicts of interest and these include the director taking no part in the decision making process or discussions where a conflict does arise.

Securities trading policy

The board has established a policy relating to the trading of the Company's securities. The Board restricts directors, executives and employees from acting on material information until it has been released to the market. Executives, employees and directors are required to consult the Chairman; Chief Executive Officer or Company Secretary prior to dealing in the Company's securities.

Share trading is not permitted by directors, executives or employees at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Additional restrictions are placed on directors, executives and key management personnel ("restricted employees"). The Company has adopted blackout periods for restricted employees, being the period from the end of the quarter up to the day after the release date of the quarterly report. Additionally, all restricted employees must apply for written acknowledgement to gain authority to trade in the Company's securities.

The Company has made its Securities Trading Policy available on its website, www.santanaminerals.com.

Principle 4 – Safeguard integrity in corporate reporting***Audit committee***

Given the current membership of the Board and the size, organisational complexity and scope of operations, the same efficiencies of an audit committee would not be derived from a formal committee structure. The Board has not established an audit committee and therefore Recommendation 4.1 has not been followed.

Responsibility for establishing and maintaining a framework of internal control and setting appropriate standards for the management of the Consolidated Entity rests with the Board in accordance with the Consolidated Entity's Board Charter. The Board is also responsible for the integrity of financial information in the financial statements; audit, accounting and financial reporting obligations; safeguarding the independence of the external auditor; and financial risk management.

CEO and CFO Certification

In accordance with Recommendation 4.2, the Board received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Auditor

In accordance with recommendation 4.3, the Board ensures that the Consolidated Entity's external auditor attends its AGM and is available to answer questions from shareholders relevant to the audit.

The external auditor attended the Consolidated Entity's last AGM during the past financial year.

Principle 5 – Make timely and balanced disclosure***Continuous disclosure with ASX Listing Rules***

The Company is committed to promoting investor confidence and ensuring that shareholders and the market are provided with timely and balanced disclosure of all material matters concerning the Consolidated Entity, as well as ensuring that all shareholders have equal and timely access to externally available information issued by the Company, and takes its continuous disclosure obligations seriously.

Primary responsibility rests with the Chief Executive Officer, while the Company Secretary is primarily responsible for communications with the Exchange.

Whilst the Company does not have a formal policy, the Company notifies the ASX promptly of information:

- concerning the Consolidated Entity, that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.

Given the size of the Consolidated Entity, a formal continuous disclosure policy has not been adopted and Recommendation 5.1 has not been followed.

Principle 6 – Respect the rights of security holders

The Board supports practices that provide effective and clear communications with security holders and allow security holder participation at general meetings.

The Company actively promotes communication with shareholders through a variety of measures, including the use of its website as its primary communication tool for distribution of the annual report, half-yearly report, market announcements and media disclosures. The Company aims to make this information available on the Company's website on the day of public release, and is e-mailed to all shareholders who lodge their e-mail contact details with the Company.

The company encourages shareholders to receive communications electronically in accordance with Recommendation 6.4. Information on lodging e-mail addresses with the Company is available on the Company's website.

In addition, the Company maintains a corporate governance section on its website as per Recommendation 6.1 where all relevant corporate governance information can be accessed.

A formal Shareholder Communications Policy has not been adopted given the Company's size and nature of operations, and therefore Recommendation 6.2 has not been followed.

The Board encourages full participation of shareholders at the Annual General Meeting in accordance with Recommendation 6.3, to ensure a high level of accountability and identification with the Company's strategy and goals. Shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors, the remuneration report and other important considerations relevant to the Company at that time.

Principle 7 – Recognise and manage risk

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however, that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk.

Due to the size of the Consolidated Entity, the number of officers and employees and the nature of the business, a formal risk management policy and internal compliance and control system have not been implemented as per Recommendation 7.1. The risk management functions and oversight of material business risks are performed directly by the Chief Executive Officer. The Consolidated Entity has adopted an internal control and risk management framework within which it operates.

The Chief Executive Officer takes primary responsibility for managing corporate risk and reviews systems of external and internal controls and areas of significant operational, financial and property risk, and ensures arrangements are in place to contain such risks to acceptable levels. The Chief Executive Officer reports regularly at Board meetings as to the effectiveness of the Consolidated Entity's management of its material business risks.

Given the Board conducted a review in a recent prior period, a formal review of the Company's risk management framework was not conducted within the current financial year as provided by Recommendation 7.2.

The Consolidated Entity did not have an internal audit function for the past year as provided by Recommendation 7.3. The internal audit function is carried out by the board, which continually considers the entity's risk management effectiveness and associated internal control procedures. The Company does not have an internal audit department nor does it have an internal auditor. The size of the Consolidated Entity does not warrant the need or the cost of appointing an internal auditor.

In accordance with Recommendation 7.4, the Consolidated Entity does not have any material exposure to economic, environmental and social sustainability risks other than as disclosed in accordance with its continuous disclosure obligations in its Annual Report and ASX announcements.

The Consolidated Entity ensures that appropriate insurance policies are kept current to cover potential risks and maintains Directors' and Officers' professional indemnity insurance.

Principle 8 – Remunerate fairly and responsibly

Remuneration committee

Given the current membership of the Board and the size, organisational complexity and scope of operations, the same efficiencies of a remuneration committee would not be derived from a formal committee structure. The Board has not established a remuneration committee and the responsibility for the Company's remuneration policy rests with the Board. Accordingly, Recommendation 8.1 has not been followed.

The Board is responsible for reviewing and recommending remuneration packages and policies applicable to non-executive directors, executive directors and executive management of the Company. It is also responsible for reviewing and recommending appropriate grant of any equity securities.

The remuneration objective is to adopt policies, processes and practices to:

- attract and retain appropriately qualified and experienced directors and executives who will add value; and
- adopt reward programmes which are fair and responsible and in accordance with principles of good corporate governance, which dictates a need to align director and executive entitlements with shareholder objectives.

The Board conducts reviews based on individual performance, trends in comparative companies and the need for a balance between fixed remuneration and non-cash incentive remuneration.

Remuneration packages for executive directors and senior executives comprise fixed remuneration and may include bonuses or equity based remuneration as per individual contractual agreements or at the discretion of the Board where no contractual agreement exists.

Non-Executive director remuneration is a fixed annual amount of director fees, the total of which is within the aggregate amount fixed by the company's Board prior to the first annual general meeting of shareholders. Any amendments to the maximum sum must be approved by the Company's shareholders at a general meeting.

The Company has entered into employment agreements with executives, on those terms noted in the Remuneration Report. The Board ensures that remuneration is in line with general standards for publicly listed companies of the size and type of the Consolidated Entity.

In distinguishing between the remuneration practices for its Non-Executive directors and the remuneration practices applicable to executive staff, the Company complies with Recommendation 8.2.

As outlined in Principle 3, the board has established a policy relating to the trading of the Company's securities. That policy prohibits Directors and employees from engaging in hedging arrangements over unvested securities issued pursuant to an employee option plan. Accordingly, Recommendation 8.3 has been followed.

Directors' Report

The directors present their report together with the consolidated financial report of Santana Minerals Limited for the financial year ended 30 June 2019 and the auditor's report thereon.

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1. Corporate Directory

Directors

The directors of Santana Minerals Limited (the Company) at any time during or since the end of the financial year are:

Mr Norman A Seckold, Non-Executive Chairman

Appointed 15 January 2013

Mr Seckold graduated with a Bachelor of Economics from the University of Sydney in 1970. He has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold is currently Chairman and Director of each of ASX listed companies Sky Metals Limited (director since December 2001), Alpha HPA Limited (formerly Collierina Cobalt Limited) (director since November 2009) and is Deputy Chairman of Nickel Mines Limited (director since 12 September 2007).

He has been Chairman of Bolnisi Gold NL, Palmarejo Silver and Gold Corporation, Moruya Gold Mines NL, Pangea Resources Limited, Timberline Minerals, Inc., Perseverance Corporation Limited, Valdora Minerals NL, Viking Gold Corporation, Mogul Mining NL, San Anton Resource Corporation Inc., Cockatoo Coal Limited, Equus Mining Limited and Cerro Resources NL.

Mr Anthony J McDonald, Managing Director and Chief Executive Officer

Appointed 15 January 2013

Mr McDonald graduated with a Bachelor of Laws from the Queensland University of Technology in 1981. He was admitted as a solicitor in 1982. He has been involved in the natural resources sector in Australia and internationally for many years and in the past 18 years has been actively involved in management in the resources sector.

Mr McDonald is currently a non-executive director of ASX listed company PPK Group Limited (appointed September 2017). In the past three years Mr McDonald was a director of Sky Metals Limited (director from November 2003 until 20 June 2019).

Mr Richard E Keevers, Independent Non-Executive Director

Appointed 15 January 2013

Mr Keevers graduated with a Bachelor of Science from the University of New England in NSW. He is a qualified and experienced geologist, having held senior positions with BH South Limited and Newmont during his 20 years in the mining industry. Subsequently he was an executive director of Pembroke Josephson Wright Limited, an Australian share brokerage firm, for ten years.

Mr Keevers is currently Chairman and director of Renascor Resources Limited (director since July 2016).

Mr Robert M Bell, Independent Non-Executive Director

Appointed 31 May 2019

Mr Bell graduated with a Bachelor of Science degree from Birmingham University in 1960. He is a geologist with over 40 years experience in Australia and internationally. For a period he specialised in oil and gas exploration and was one of the first geologist/investors to recognise the enormous potential of coal bed methane production in Queensland. Mr Bell was a founder of Queensland Gas Company.

Mr Bell has been an advisor, consultant, investor and director of a number of mineral exploration projects and companies and has substantial experience in the analysis and direction of exploration and development projects. He brings to the board many years of relevant geologic and business experience.

In the last three years Mr Bell was a non-executive director of ASX listed company Sky Metals Limited (director from October 2007 until 20 June 2019)

Company Secretary

Mr Craig J McPherson

Corporate Secretary (since 15 January 2013)

Mr McPherson graduated with a Bachelor of Commerce degree from the University of Queensland and is a member of Chartered Accountants Australia and New Zealand. He has over twenty years of commercial and financial management experience and has held various roles with ASX and TSX listed companies for in excess of ten years in Australia and overseas.

2. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	A	B
Mr NA Seckold	4	4
Mr A J McDonald	4	4
Mr RE Keevers	4	4
Mr RM Bell	-	-

A - Number of meeting eligible to attend

B - Number of meetings attended

3. Remuneration Report - Audited

3.1. Principles of compensation – audited

Remuneration is also referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity. Key management personnel comprise the directors of the Company and executives for the Company and the Consolidated Entity.

Compensation levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- The capability and experience of the key management personnel; and
- The key management personnel's ability to control the relevant segment's performance.

Compensation packages for executive key management personnel comprise fixed remuneration and may include bonuses or equity based remuneration as per individual contractual agreements or at the discretion of the Board where no contractual agreement exists.

Fixed compensation

Fixed compensation consists of base remuneration as well as employer contributions to superannuation funds.

Compensation levels are reviewed periodically by the Board through a process that considers individual and overall performance of the Consolidated Entity. A senior executive's compensation is also reviewed on promotion.

Performance linked compensation

Periodically the Board reviews the contribution of executive key management personnel to the achievement of the Consolidation Entity's longer term objectives in light of the amount of fixed compensation provided. Where the Board believes that an executive's contribution exceeds value of fixed compensation provided it will exercise discretion and issue options over ordinary shares in the Company under the Executive and Staff Option Plan (the Plan). Generally the options vest immediately on issue and there is generally no performance condition on the basis that the grants are in recognition of past services. However, in determining the terms of options to be issued the Board sets an exercise price greater than the current share price to incentivise future performance that will drive growth in the Company's share price. Further, under the terms of the Plan, where the employment or office of the option holder is terminated, any options which have not reached their vesting date will lapse and any options which have vested may be exercised within two months from the date of termination of employment, otherwise they will lapse.

The Consolidated Entity has a policy that prohibits those that are granted share based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

The Board considers that the most effective way to increase shareholder wealth is through the successful exploration and development of the Consolidated Entity's mineral exploration properties. The Board considers that the Consolidated Entity's remuneration policies incentivise key management personnel by providing rewards, over the short and long terms that are directly correlated to delivering value to shareholders through share price appreciation.

Consequences of performance on shareholders' wealth

In considering the consolidated entity's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current financial year and previous financial years.

	2015	2016	2017	2018	2019
Total exploration expenditure (\$)	2,364,339	1,195,471	2,084,587	1,904,155	1,196,527
Net assets (\$)	7,779,229	6,422,243	4,691,042	6,753,815	4,963,447
Share Price at Year-end (\$)	0.017	0.069	0.028	0.011	0.003
Net loss for the year (\$)	8,880,411	2,519,567	4,665,133	926,051	2,832,520
Dividends Paid (\$)	NIL	NIL	NIL	NIL	NIL

The overall level of key management personnel's compensation has been determined based on market conditions and advancement of the Consolidated Entity's projects.

Service contracts

The Consolidated Entity had the following service contracts with Key Management Personnel at the end of the year:

The employment agreement with Mr McDonald (Managing Director and Chief Executive Officer) has no fixed term. Remuneration under the agreement is \$200,000 per annum (including statutory superannuation). The Company may at any time terminate the agreement by the giving of 3 months notice or paying an amount equal to 3 months remuneration (including statutory superannuation) in lieu of such notice. Mr McDonald may at any time terminate the agreement by the giving of 1 months notice. If a change of control event occurs Mr McDonald will be entitled to a termination payment equal to 6 months cash salary in lieu of notice payable immediately after the Change of Control Event.

The Company has a service arrangement with Archer Corporate Pty Ltd, an entity associated with Mr McPherson, for the provision of accounting, secretarial and corporate services. The arrangement provides for services to be provided as required and has no fixed term. Both parties may terminate the agreement at any time by the giving 1 months notice.

Non-executive directors

Total compensation for all non-executive directors is not to exceed \$250,000 per annum. Directors' base fees are presently \$70,000 per annum for the Chairman and \$45,000 per annum for non-executive directors. Non-executive directors do not receive performance-related compensation.

3.2. Key management personnel remuneration - audited

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel are:

		Salaries & Fees	Super- annuation	Leave Provisions	Options	Total Remuneration	Proportion of Remuneration Performance Related
	Year	\$	\$	\$	\$	\$	%
Non-executive directors							
NA Seckold (Chairman)	2019	70,000	-	-	-	70,000	-
	2018	70,000	-	-	-	70,000	-
RE Keevers	2019	41,096	3,904	-	-	45,000	-
	2018	41,096	3,904	-	-	45,000	-
RM Bell ¹	2019	3,425	325	-	-	3,750	-
	2018	-	-	-	-	-	-
Executive directors							
AJ McDonald (CEO)	2019	175,000	25,000	2,012	-	202,012	-
	2018	175,000	25,000	6,367	-	206,367	-
Executives							
CJ McPherson	2019	90,000	-	-	-	90,000	-
	2018	90,000	-	-	-	90,000	-
Total	2019	379,521	29,229	2,012	-	410,762	
	2018	376,096	28,904	6,367	-	411,367	

1. Appointed 31 May 2019

3.3 Equity instruments - audited

All options refer to options over ordinary shares of the Company, Santana Minerals Limited.

Options issued by the Company are exercisable on a one-for-one basis under the Santana Minerals Limited Executive and Staff Option Plan, unless specifically noted.

Options and rights over equity instruments granted as compensation - audited

There were no options over ordinary shares in the Company granted as compensation to key management personnel during the year ended 30 June 2019.

No options have been granted as compensation to key management personnel since the end of the financial year.

Exercise of options granted as compensation – audited

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

Movements in options and rights over equity instruments - audited

The movements during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management personnel including their related parties is as follows:

	Opening 1 July 2018	Granted as compensation	Granted under entitlement offer	Lapsed	Held at 30 June 2019	Vested and exercisable at 30 June 2019
Non-executive Director						
NA Seckold	12,005,588	-	-	-	12,005,588	12,005,588
RE Keevers	125,000	-	-	-	125,000	125,000
RM Bell	-	-	-	-	-	-
Executive Directors						
AJ McDonald	6,304,559	-	-	-	6,304,559	6,304,559
Executives						
CJ McPherson	1,716,000	-	-	-	1,716,000	1,716,000

Movements in equity holdings and transactions - audited

The movements during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each specified director or executive, including their personally related entities is as follows:

	Opening 1 July 2018	Paid up/ purchased	Sold/ transferred	Held at 30 June 2019
Non-executive Directors				
NA Seckold	64,029,810	6,000,000	-	70,029,810
RE Keevers	1,920,351	3,000,000	-	4,920,351
RM Bell	¹ 48,728	-	-	48,728
Executive Director				
AJ McDonald	33,624,323	6,000,000	-	39,624,323
Executives				
CJ McPherson	3,990,133	-	-	3,990,133

1. Held at date of appointment.

Loans to key management personnel and their related parties

The Consolidated Entity did not have any outstanding loans directly or indirectly with key management personnel during the current financial year.

Other key management personnel transactions

The key management personnel hold positions in other entities that result in them having control, joint control or significant influence over the financial or operating policies of those entities.

Key management personnel are able to receive remuneration directly through these entities. All amounts applicable to remuneration have been disclosed in section 3.2 of this Directors' report.

During the year the Consolidated Entity paid MIS Corporate Pty Ltd, an entity associated with Mr NA Seckold, \$21,585 (2018: \$39,023) for investor relations services.

During a prior year the Consolidated Entity entered into agreements allowing it to earn 80% of the Cuitaboca Project from an entity associated with Mr NA Seckold. Under the terms of the agreements, the Consolidated Entity made an initial payment of A\$100,000 and has committed to meeting 100% of expenditure, thereby providing the Consolidated Entity with management of the Cuitaboca Project through an initial 100% ownership of Minera Cuitaboca S.A. de C.V. (Project Company).

Apart from the details disclosed in this section, no director has entered into a material contract with the Company or the Consolidated Entity and there were no material contracts involving directors' interests existing at year-end.

4. Principal activities

The principal activities of the Consolidated Entity during the course of the financial year were the exploration for gold, silver and base metals and the investigation of projects involving those activities with the objective of identifying, developing and exploiting economic mineral deposits. Those activities were undertaken in Mexico and Chile.

There was no significant change in the nature of the activities of the Consolidated Entity during the year.

5. Operating and financial review

The review of operations of the Consolidated Entity during the year is detailed in the review of operations commencing on page 2 of this annual report and forms part of the directors' report.

At the end of the financial year the Consolidated Entity had \$208,249 (2018: \$1,800,381) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure carried forward was \$4,780,425 (2018: \$5,629,171).

The Consolidated Entity had net assets of \$4,963,447 (2018: \$6,753,815).

6. Dividends

No dividends have been paid, and the directors do not recommend the payment of a dividend for the year ended 30 June 2019.

7. Events subsequent to reporting date

Since the end of the financial year and to the date of this report no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than the matter referred to below.

On 17 July 2019, the consolidated entity announced that it had signed an agreement with Mekong Minerals Limited ('Mekong') to purchase Mekong's 75% interest in the Sayabouly Project in Lao and two Cambodian gold projects in which Mekong holds farmed out interests. Consideration for the transaction is the issue of ~650m fully paid ordinary shares to Mekong (to be distributed to Mekong Shareholders) and reimbursement of \$210,000 to Mekong for exploration expenses. Additionally, the consolidated entity will offer to acquire all of the Mekong options from Mekong option holders in exchange for Santana Options (strike price of \$0.01, expiring 14 months from issue). If all Mekong option holders accept the offer 50m Santana options will issue. The transaction remains subject to certain conditions precedent (including the consolidated raising a minimum of \$3m) and has not completed as at the date of this report.

8. Likely developments

The Consolidated Entity will continue to pursue its objective of exploration and evaluation for gold, silver and base metals with the objective of eventually developing a commercially viable mining operation. The Consolidated Entity will also continue to investigate other projects and opportunities involving those activities. These activities will be undertaken within the constraints of its finances.

Further information about likely developments in the operations of the Consolidated Entity has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity and given the nature of exploration and evaluation it does not have sufficient certainty.

9. Environmental regulation and performance

The Consolidated Entity holds various exploration licences that regulate its exploration activities in Mexico and Chile. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of the Consolidated Entity's exploration activities.

There have been no significant known breaches of the Consolidated Entity's licence conditions and at the date of this report, no agency has notified the Consolidated Entity of any environmental breaches during the financial year, nor are the Directors aware of any environmental breaches.

10. Changes in state of affairs

In the opinion of the Directors, significant changes in the state of affairs of the Consolidated Entity that occurred during the year ended 30 June 2019 were as follows:

- On 28 August 2018, the Company issued 5,083,436 shares to Collierina Cobalt Ltd (now named Alpha HPA Limited – 'Alpha') in satisfaction of the August 2018 monthly payment of \$50,000 as provided for under the agreement with Alpha.
- On 25 September 2018, the Company issued 6,875,597 shares to Alpha in satisfaction of the September 2018 monthly payment of \$50,000 as provided for under the agreement with Alpha.
- In March and April 2019, the Company completed private placements to raise \$400,000 through the issue of 80,000,000 fully paid ordinary shares. The placements were completed at \$0.005 per share.
- In April 2019 the Company completed a share purchase plan offer to existing shareholders through the issue of 36,420,000 fully paid ordinary shares to raise \$182,100. The share purchase plan was completed at \$0.005 per share.

11. Directors' interests

The relevant interest of each director in the shares or other securities issued by the Company and other related bodies corporate, as noted by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Fully Paid Ordinary Shares*	Options over Ordinary Shares*
Norman A. Seckold	70,029,810	-
Richard E. Keevers	4,920,351	-
Robert M. Bell	48,728	-
Anthony J. McDonald	39,624,323	-

* Includes shares and options held directly and/or indirectly

12. Share options

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Shares
31 July 2020	8c	6,500,000

The names of persons who currently hold options are entered in the register of options kept by the Company pursuant to the Corporations Act 2001. The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of any other body corporate.

Shares issued on exercise of options

During the reporting period, no shares were issued on the exercise of options previously granted.

13. Officers' indemnities and insurance

During or since the end of the financial year the Company paid an insurance premium to insure certain officers of the Company and controlled entities. The officers covered by the insurance policy include the Directors and the Company Secretary named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a controlled entity. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company or controlled entity. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not entered into any agreement to indemnify any auditor of the Consolidated Entity.

14. Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- The non-audit services have been reviewed by the Board to ensure such services do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks or rewards.


Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	Consolidated	
	2019	2018
	\$	\$
Audit Services		
Audit and review of financial reports (KPMG Australia)	52,500	54,100
	<u>52,500</u>	<u>54,100</u>
Other services		
Taxation compliance services (KPMG Australia)	10,400	9,100
	<u>10,400</u>	<u>9,100</u>

15. Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 30 and forms part of the directors' report for the financial year ended 30 June 2019.

This report is made with a resolution of the directors:



AJ McDonald
Managing Director

Dated at Brisbane this 30th day of September 2019.



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

To the Directors of Santana Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Santana Minerals Limited for the year ended 30 June 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Board'.

Stephen Board
Partner

Brisbane
30 September 2019

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss for the Year Ended 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
Gain on sale of exploration assets		300,000	-
General and administrative expenses		(690,335)	(804,718)
Exploration and evaluation expenses		(43,846)	(112,628)
Impairment losses on exploration and evaluation assets	10	(2,398,861)	-
Other income		-	8,786
Results from operating activities		(2,833,042)	(908,560)
Financing income	3	2,743	3,668
Financing expenses	3	(2,221)	(21,159)
Net financing income/(expense)		522	(17,491)
Loss before income tax benefit		(2,832,520)	(926,051)
Income tax benefit	6	-	-
Loss for the year – attributable to Shareholders of the Company		(2,832,520)	(926,051)
Earnings per share			
Basic loss per share	7	(0.48) cents	(0.30) cents
Diluted loss per share	7	(0.48) cents	(0.30) cents

The consolidated statement of profit or loss is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Other Comprehensive Income for the Year Ended 30 June 2019

	30 June 2019 \$	30 June 2018 \$
Net loss for the year	<u>(2,832,520)</u>	<u>(926,051)</u>
Other comprehensive income		
<i>Items that may subsequently be reclassified to profit or loss:</i>		
Foreign exchange translation differences	<u>405,081</u>	<u>(245,256)</u>
Other comprehensive income for the year, net of income tax	<u>405,081</u>	<u>(245,256)</u>
Total comprehensive income for the year – attributable to Shareholders of the Company	<u>(2,427,439)</u>	<u>(1,171,307)</u>

The consolidated statement of other comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position as at 30 June 2019

		Consolidated	
	Note	2019	2018
		\$	\$
Current assets			
Cash and cash equivalents		208,249	1,800,381
Trade and other receivables	8	17,472	34,286
Prepayments		35,735	33,230
Total current assets		261,456	1,867,897
Non-current assets			
Property, plant and equipment	9	31,646	41,323
Exploration and evaluation expenditure	10	4,780,425	5,629,171
Total non-current assets		4,812,071	5,670,494
Total assets		5,073,527	7,538,391
Current liabilities			
Trade and other payables		74,004	250,511
Employee benefits		36,076	34,065
Deferred purchase consideration payable	10	-	500,000
Total current liabilities		110,080	784,576
Total liabilities		110,080	784,576
Net assets		4,963,447	6,753,815
Equity			
Share capital	11	29,299,538	28,662,467
Reserves		335,025	(70,056)
Accumulated losses		(24,671,116)	(21,838,596)
Total equity		4,963,447	6,753,815

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2019

	Issued capital	Foreign currency translation reserve	Accumulated losses	Total equity
Opening balance at 1 July 2018	28,662,467	(70,056)	(21,838,596)	6,753,815
Loss for the year	-	-	(2,832,520)	(2,832,520)
Other comprehensive income	-	405,081	-	405,081
<i>Total comprehensive income for the year</i>	-	405,081	(2,832,520)	(2,427,439)
Transactions with owners recorded directly in equity				
Shares issued	682,100	-	-	682,100
Share issue costs	(45,029)	-	-	(45,029)
<i>Total transactions with owners</i>	637,071	-	-	637,071
Balance at 30 June 2019	29,299,538	335,025	(24,671,116)	4,963,447

	Issued capital	Foreign currency translation reserve	Accumulated losses	Total equity
Opening balance at 1 July 2017	25,428,387	175,200	(20,912,545)	4,691,042
Loss for the year	-	-	(926,051)	(926,051)
Other comprehensive income	-	(245,256)	-	(245,256)
<i>Total comprehensive income for the year</i>	-	(245,256)	(926,051)	(1,171,307)
Transactions with owners recorded directly in equity				
Shares issued	3,474,960	-	-	3,474,960
Share issue costs	(240,880)	-	-	(240,880)
<i>Total transactions with owners</i>	3,234,080	-	-	3,234,080
Balance at 30 June 2018	28,662,467	(70,056)	(21,838,596)	6,753,815

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash flows for the Year Ended 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(753,055)	(644,063)
Cash paid for exploration and evaluation expenditure expensed		(43,846)	(95,105)
Interest received		2,743	3,668
Net cash used in operating activities	17	(794,158)	(735,500)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure capitalised		(1,205,832)	(1,691,464)
Deferred consideration paid		(400,000)	-
Refundable deposit received – sale of exploration assets		-	30,000
Proceeds from sale of property, plant and equipment		-	12,640
Proceeds from sale of exploration assets		270,000	
Acquisition of property, plant and equipment		(1,090)	-
Net cash used in investing activities		(1,336,922)	(1,648,824)
Cash flows from financing activities			
Proceeds from issue of shares		582,100	3,229,868
Share issue costs		(45,029)	(240,880)
Net cash provided by financing activities		537,071	2,988,988
Net (decrease)/increase in cash and cash equivalents held		(1,594,009)	604,664
Effects of exchange rate fluctuations on cash held		1,877	(20,216)
Cash and cash equivalents at 1 July		1,800,381	1,215,933
Cash and cash equivalents at 30 June		208,249	1,800,381

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2019

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Santana Minerals Limited (the “Company”) is a Company domiciled in Australia. The address of the Company’s registered office is Level 5, 10 Eagle Street, Brisbane QLD 4000. The consolidated financial report of the Company as at and for the financial year ended 30 June 2019 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity”). The Consolidated Entity is a for-profit entity and is primarily involved in exploration activities.

The consolidated financial report was authorised for issue by the directors on 30 September 2019.

(b) Basis of accounting

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB’s) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

Except as discussed below under “change in accounting policy”, accounting policies have been applied consistently to all periods presented in the consolidated financial report. The accounting policies have been applied consistently by all entities in the Consolidated Entity.

Change in accounting policy – AASB 9 *Financial Instruments*

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contract to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

AASB 9 largely retains the existing requirement in AASB 139 for the classification and measurement of liabilities.

AASB 9 also replaces the ‘incurred loss’ model in AASB 139 with an ‘expected credit loss’ (“ECL”) model. The new impairment model applies to financial asset measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9 credit losses are recognised earlier than under AASB 139.

The adoption of AASB 9 has not had any significant effect on the Company’s accounting policies related to financial assets or financial liabilities. Given the nature of the Company’s business and its history of negligible credit loss on trade and other receivables, application of the ECL model has had no material impact on the value of trade and other receivables recognised at 1 July 2018 or at period end.

(c) Basis of measurement

The financial report is presented in Australian dollars, which is the Company's functional currency. The financial report is prepared on the historical cost basis, except for investments which are measured at fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are described in the following notes:

- impairment (Note 10);
- going concern (Note 1(s)); and
- utilisation of tax losses (Note 6).

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- capitalisation of exploration and evaluation expenditure (Note 10); and
- measurement of share-based payments (Note 15).

(d) Basis of consolidation***Subsidiaries***

Subsidiaries are entities controlled by the Consolidated Entity. Control exists when the Consolidated Entity is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(e) Finance income and expense

Finance income comprises interest receivable on funds invested, profits on sale of financial assets and foreign exchange gains. Finance expense comprises foreign exchange losses and impairment losses on financial assets.

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit or loss on the date the entity's right to receive payments is established.

Foreign exchange gains and losses are reported on a net basis.

(f) Goods and services tax and other value added taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except where the amount of GST/VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST/VAT included. The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as an asset or liability in the statement of financial position.

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

(g) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial statements of foreign operations

The assets and liabilities of foreign operations generally are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve. They are transferred to profit or loss upon disposal of the foreign operation.

(h) Lease payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit or loss as an integral part of the total lease expense and spread over the lease term.

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(j) Loss per share

Basic loss per share (LPS) is calculated by dividing the net loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted LPS is calculated by adjusting the net loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(k) Financial instruments***Non-derivative financial instruments******Recognition and measurement***

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Consolidated Entity becomes a party to the contractual provisions of the instrument.

Financial assets (unless it is a trade receivable without a significant financing component) or financial liabilities are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measure at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measure at: amortised cost; FVOCI – debt instrument; FVOCI – equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Consolidated Entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold asset to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both the following conditions:

- it is held within a business model whose objective is achieved by collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that solely principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Consolidated Entity may irrevocably elect to present subsequent change in the investments fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition the Consolidated Entity may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including in any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains or losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – classification subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Incremental costs directly attributable to issue of ordinary shares and share options, other than options issued as part of an employee share based payment arrangement, are recognised as a deduction from equity, net of any related income tax benefit.

Dividends are recognised as a liability in the year in which they are declared.

(I) Property, plant and equipment**Owned assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

Leased assets

Leases in terms of which the Consolidated Entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

Subsequent costs

The Consolidated Entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

Depreciation

Depreciation is charged to the profit or loss on a straight-line or reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The depreciation rates used for each class of asset in the current and comparative periods are as follows:

Motor vehicles	20 – 22.5 %
Plant and Equipment	20 %
Furniture and fittings	10 - 40 %
Buildings	5 %

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(m) Segment reporting

An operating segment is a component of the Consolidated Entity:

- that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Consolidated Entity's other components;
- whose operating results are regularly reviewed by the directors to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Segment results that are reported to the directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily cash and listed securities), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. It also includes costs incurred on exploration and evaluation of the Consolidated Entity's exploration projects.

(n) Provisions

A provision is recognised when the Consolidated Entity has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Employee benefits

Wages, salaries, and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Termination benefits

Termination benefits are recognised as an expense when the Consolidated Entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Consolidated Entity has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Long-term service benefits

The Consolidated Entity's obligations in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss as incurred.

Share-based payment transactions

The grant date fair value of equity settled share-based transactions is recognised as an employee benefits expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(p) Impairment – non-financial assets

The carrying amounts of the Consolidated Entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For exploration and evaluation expenditure assets indicators of impairment may include:

- The period for which the Consolidated Entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

(q) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity related. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(r) **New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018, and have not been applied in preparing these consolidated financial statements. Those which may be relevant are set out below.

AASB 16 Leases

AASB 16 replaces existing leases guidance, including AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual reporting periods beginning on or after 1 January 2019.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Consolidated Entity is continuing to assess the full impact of AASB 16 on its financial statements. However, based on analysis completed at the date of these financial statements, no significant impacts have been identified.

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Consolidated Entity financial statements:

- Interpretation 23 *Uncertainty over Tax Treatments*;
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation (Amendments to AASB 9);
- Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 – various standards; and
- Amendments to References to Conceptual Framework in IFRS Standards.

(s) **Going concern**

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern” which assumes the Consolidated Entity will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

The Consolidated Entity currently has no source of operating cash inflows, other than interest income, and has incurred net cash outflows from operating and investing activities for the year ended 30 June 2019 of \$2,131,080 (2018: \$2,384,324).

At 30 June 2019, the Consolidated Entity had cash balances of \$208,249 (2018: \$1,800,381) and net working capital (current assets less current liabilities) of \$151,376 (2018: \$1,083,321).

The Consolidated Entity has the ability to seek to raise funds from shareholders or other investors and intends to raise such funds as and when required to complete its projects. As announced on 17 July 2019, the Consolidated Entity has signed an agreement with Mekong Minerals Limited ('Mekong') to purchase Mekong's 75% interest in the Sayabouly Project in Lao and two Cambodian gold projects in which Mekong holds farmed out interests. Completion of the transaction with Mekong is conditional upon, amongst other things, the Consolidated Entity raising a minimum of \$3 million in funds and shareholder approval of the transaction. The transaction remains subject to these conditions precedent and has not completed as at the date of this report.

The directors have prepared cash flow projections that support the ability of the Consolidated Entity to continue as a going concern. These cash flow projects assume completion of the transaction with Mekong, including the raising \$3m as provided for by the condition precedent. In addition, these cash flow projections assume the Consolidated Entity obtains sufficient additional funding from shareholders or other parties as required to meet its objectives. If such funding is not achieved, the Consolidated Entity plans to reduce expenditure significantly, which may result in an impairment loss on the book value of exploration and evaluation expenditure recorded at reporting date.

These conditions give rise to a material uncertainty that may cast doubt upon the Consolidated Entity's ability to continue as a going concern. The ongoing operation of the Consolidated Entity is dependent upon:

- The Consolidated Entity raising additional funding from shareholders or other parties; and/or
- The Consolidated Entity reducing expenditure in line with available funding.

In the longer term, the development of economically recoverable mineral deposits found on the Consolidated Entity's existing or future exploration properties depends on the ability of the Consolidated Entity to obtain financing through equity financing, debt financing or other means. If the Consolidated Entity's exploration programs are ultimately successful, additional funds will be required to develop the Consolidated Entity's properties and to place them into commercial production. The ability of the Consolidated Entity to arrange such funding in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Consolidated Entity. There can be no assurance that the Consolidated Entity will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Consolidated Entity. If adequate financing is not available, the Consolidated Entity may be required to delay, reduce the scope of, or eliminate its current or future exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Consolidated Entity to forfeit its interests in some or all of its properties and reduce or terminate its operations.

2. FINANCIAL RISK MANAGEMENT

(a) Overview

The Consolidated Entity has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Consolidated Entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and policies. The board oversees the establishment, implementation and regular review of the Consolidated Entity's risk management system and to this end has adopted risk management policies to protect the assets and undertakings of the Consolidated Entity.

Risk management policies are established to identify and analyse the risks faced by the Consolidated Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Entity's activities

The Board oversees how management monitors compliance with the Consolidated Entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Entity.

Financial risk is managed by Chief Executive Officer and overviewed by the Board.

(b) Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Consolidated Entity's exposure to credit risk is minimal other than those exposures with respect to credit risk set out in Note 16.

(c) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation. The Consolidated Entity monitors its cash holdings on a regular basis in relation to actual cash flows, financial obligations and planned activities in order to manage liquidity risk.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Consolidated Entity is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of its subsidiaries, which are the Australian dollar (AUD), the Mexican peso (MXP) and the Chilean Peso (CLP). The currencies in which these transactions primarily are denominated are AUD, MXP and CLP, while a significant amount of transactions are also denominated in the United States dollar (USD). The Consolidated Entity seeks to minimise its exposure to currency risk by monitoring exchange rates and entering into foreign currency transactions that maximise the Consolidated Entity's position. The Consolidated Entity does not presently enter into hedging arrangements to hedge its currency risk. All foreign currency transactions are entered into at spot rates. The Board considers this policy appropriate, taking into account the Consolidated Entity's size, current stage of operations, financial position and the board's approach to risk management.

The Consolidated Entity is exposed to equity price risk arising from equity securities held at fair value.

(e) Capital management

The Board's policy is to maintain a sufficient capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board considers current cash reserves, aged payables and other current liabilities and short term receivables in its assessment of capital for the Consolidated Entity's operations. Given the Consolidated Entity's current stage of operations and financial position the Board is focused on investment of available capital in the Consolidated Entity's operations.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

3. NET FINANCING INCOME/ (EXPENSE)

	Consolidated	
	2019	2018
	\$	\$
Interest income	2,743	3,668
Financing income	2,743	3,668
Foreign exchange loss	(2,221)	(21,159)
Financing expense	(2,221)	(21,159)
Net financing income/(expense)	522	(17,491)

4. PERSONNEL EXPENSES

	Consolidated	
	2019	2018
	\$	\$
Non-executive Directors' Fees	118,750	115,000
Salaries and wages	197,678	224,808
Superannuation contributions	27,154	2,682
Total personnel expenses	343,582	342,490

5. AUDITOR'S REMUNERATION

	Consolidated	
	2019	2018
	\$	\$
Audit Services		
Audit and review of financial reports (KPMG Australia)	52,500	54,100
	52,500	54,100
Other services		
Taxation compliance services (KPMG Australia)	10,400	9,100
	10,400	9,100



6. TAXATION

Numerical reconciliation of income tax benefit

(a) Income tax benefit recognised in the income statement

	Consolidated	
	2019	2018
	\$	\$
Loss before tax	(2,832,520)	(926,051)
Income tax using domestic corporation tax rate 30%	(849,756)	(277,815)
Increase/(decrease) in tax benefit due to:		
Sundry items	106	260
Impairment	700,167	-
Difference in tax rate in foreign jurisdictions	20,824	-
Deferred tax assets not brought to account	128,659	277,555
Income tax benefit	-	-

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available from which the Consolidated Entity can utilise the benefits:

	Consolidated	
	2019	2018
	\$	\$
Deductible temporary differences	214,000	9,000
Tax Losses	1,901,652	1,649,622
Capital Losses	224,143	244,520
	2,339,795	1,903,142

(c) Expiry of tax losses

The foreign tax losses have expiry dates under current tax legislation.

At 30 June 2019, the Consolidated Entity has income tax loss carry forward amounts expiring as follows:

	Australia	Chile	Mexico	Total
	\$	\$	\$	\$
2024	-	-	13,764	13,764
2025	-	-	38	38
2026	-	-	22,896	22,896
2027	-	-	70,894	70,894
2028	-	-	71,916	71,916
2030	-	-	44,751	44,751
Does not expire	1,613,879	159,729	-	1,773,608
	1,613,879	159,729	224,259	1,997,867

(d) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Exploration expenditure	-	-	1,000	220,000	1,000	220,000
Other items	-	-	8,000	9,000	8,000	9,000
Tax loss carry-forwards	(9,000)	(229,000)	-	-	(9,000)	(229,000)
Tax (assets) liabilities	(9,000)	(229,000)	9,000	229,000	-	-
Set off of tax	9,000	229,000	(9,000)	(229,000)	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

7. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share at 30 June 2019 was based on the loss attributable to ordinary shareholders of \$2,832,520 (2018: \$926,051) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2019 of 587,766,000 (2018: 310,721,000), calculated as follows:

<i>Reconciliation of earnings used in the calculation of loss per share</i>	Consolidated	
	2019	2018
Loss attributed to ordinary shareholders used in the calculation of basic and diluted loss per share	\$2,832,520	\$926,051
<i>Weighted average number of ordinary shares</i>	Consolidated	
	No ('000)	
Issued ordinary shares at 1 July	546,820	262,373
Effect of shares issued August 2018	4,276	-
Effect of shares issued September 2018	5,256	-
Effect of shares issued March 2019	15,753	-
Effect of shares issued April 2019	15,661	-
Effect of shares issued September 2017	-	23,768
Effect of shares issued October 2017	-	15,893
Effect of shares issued June 2018	-	8,687
Weighted average number of ordinary shares at 30 June	587,766	310,721

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2019	2018
	\$	\$
<i>Current</i>	-	-
Other receivables	4,179	10,395
GST Receivable	13,293	23,891
	17,472	34,286

9. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & Fittings	Plant & Equipment	Consolidated Motor Vehicles	Buildings	Total
	\$	\$	\$	\$	\$
Costs					
Balance at 1 July 2017	11,819	106,735	135,669	103,289	357,512
Acquisitions	-	-	-	-	-
Disposals	-	-	(5,268)	-	(5,268)
Effect of movements in foreign exchange	(372)	(1,261)	(2,327)	-	(3,960)
Balance at 30 June 2018	11,447	105,474	128,074	103,289	348,284
Balance at 1 July 2018	11,447	105,474	128,074	103,289	348,284
Acquisitions	1,090	-	-	-	1,090
Disposals	(1,388)	-	-	-	(1,388)
Effect of movements in foreign exchange	465	1,577	2,533	-	4,575
Balance at 30 June 2019	11,614	107,051	130,607	103,289	352,560
Depreciation and impairment losses					
Balance at 1 July 2017	(6,173)	(87,189)	(98,200)	(103,289)	(294,851)
Depreciation charge for the year	(1,807)	(4,060)	(8,224)	-	(14,091)
Disposals	-	-	1,482	-	1,482
Effect of movements in foreign exchange	182	133	184	-	499
Balance at 30 June 2018	(7,798)	(91,116)	(104,758)	(103,289)	(306,961)
Balance at 1 July 2018	(7,798)	(91,116)	(104,758)	(103,289)	(306,961)
Depreciation charge for the year	(1,638)	(4,271)	(7,718)	-	(13,627)
Disposals	1,391	-	-	-	1,391
Impairments	-	-	-	-	-
Effect of movements in foreign exchange	(315)	(540)	(863)	-	(1,717)
Balance at 30 June 2019	(8,359)	(95,927)	(113,339)	(103,289)	(320,914)
Carrying amounts					
At 30 June 2018	3,649	14,358	23,316	-	41,323
At 30 June 2019	3,255	11,124	17,268	-	31,646

10. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2019	2018
	\$	\$
Capitalised exploration and evaluation expenditure		
Exploration and evaluation phase – at cost		
Chile		
- Becker	877,500	720,771
Mexico		
- Cuitaboca	3,902,925	4,908,400
	<u>4,780,425</u>	<u>5,629,171</u>
<u>Reconciliations</u>		
Chile - Becker		
Opening balance at beginning of year	720,771	-
Project acquisition	-	600,000
Expenditure for the year	792,236	122,158
Impairment	(649,719)	-
Effect of foreign exchange movement	14,212	(1,387)
Closing balance at end of year	<u>877,500</u>	<u>720,771</u>
Mexico – Cuitaboca		
Opening balance at beginning of year	4,908,400	3,441,302
Expenditure for the year	360,445	1,669,369
Impairment	(1,749,142)	-
Effect of foreign exchange movement	383,222	(202,271)
Closing balance at end of year	<u>3,902,925</u>	<u>4,908,400</u>

Becker

On 4 June 2018 the consolidated entity announced that it had completed a share purchase agreement for the acquisition of the Becker Project by acquiring 100% of the shares in Carlin Resources Pty Ltd ('Carlin'), which holds rights to earn into the Becker Project. This transaction has been accounted for as an acquisition of assets, not a business combination. At completion the Consolidated Entity issued 10,000,000 fully paid ordinary shares in the Company and committed to make monthly payments of \$50,000 per month for ten consecutive months from July 2018 being repayment of a loan by the previous owner to Carlin.

As at 30 June 2019 \$nil (30 June 2018: \$500,000) remained owing by the Consolidated Entity to the previous owner. During the year the consolidated entity repaid \$400,000 to the previous owner by way of cash and a further \$100,000 through the issue of shares in the parent company, Santana Minerals Limited.

On 1 March 2019, the Consolidated Entity announced that it had reached agreement with its Joint Venture Partner, to vary the terms of the Becker Gold Project Joint Venture ("Becker JVA").

In accordance with the variation, cash option payments (US\$1M) have been omitted and the Consolidated Entity will instead pay the Joint Venture Partner a sum of US\$1 per oz AuEq once an indicated resource (JORC 2012 standard) of not less than 1M oz AuEq is estimated by an independent competent person. The US\$1 per oz AuEq will be paid on such estimate and continue for every oz discovered and subsequently estimated.

The material agreed obligations and timetable are:

- meet a minimum exploration expenditure of US\$1M, including a non-binding drill target of 1,800m by 28 February 2022; and

- complete a minimum of 2,500m drilling, undertake an initial JORC 2012 compliant resource estimate and undertake a scoping study, each by 28 February 2024.

Cuitaboca

On 29 July 2014 the consolidated entity announced that it had entered into agreements allowing it to earn 80% of the Cuitaboca Project located in the State of Sinaloa, Mexico. Under the terms of the agreements, the consolidated entity made an initial payment of A\$100,000 and committed to meeting 100% of expenditure, thereby providing the consolidated entity with management of the Cuitaboca Project through an initial 100% ownership of Minera Cuitaboca S.A. de C.V. (Project Company). The Project Company has the right to acquire the Cuitaboca Project mining concessions under an option agreement (Concession Option Agreement) with Consorcio Minero Latinoamericano S.A. de C.V (Concession Holder). The Concession Option Agreement provides that the Project Company can acquire a 100% interest in the mining concessions from the Concession Holder by paying option fees totalling US\$3,500,000, with those option fees payable on a six monthly basis. A balance of US\$2,900,168 in option fees remains payable by the Project Company to the Concession Holder as at 30 June 2019. The Consolidated Entity is required to meet all expenditure during the term of the Concession Option Agreement (including option fees which the Project Company has agreed to pay the Concession Holder, concession rentals plus exploration expenditure as the Consolidated Entity determines) with the Vendors free carried. Once the Concession Option Agreement is completed the expenditure and ownership of the Project Company will revert to 80% Consolidated Entity 20% Vendors. The Consolidated Entity retains the right to withdraw from the Cuitaboca Project at any time.

Impairment

Subsequent to the end of the reporting period and as part of the due diligence and legal compliance process relating to the transaction with Mekong Minerals Limited (refer note 21) the Consolidated Entity has caused an assessment to be undertaken as to the fair value of the Becker and Cuitaboca projects, as well as the projects held by Mekong Minerals Limited. The assessment has been undertaken by an independent technical specialist who has assessed fair value based on Technical Value as defined in the Valmin code, being an assessment of a mineral assets future net economic benefit at the valuation date under a set of assumptions deemed most appropriate by a practitioner, excluding any premium or discount to account for market considerations. In determining fair value, the independent technical specialist considered each project on a Geoscientific Value, Appraised Value and Comparable Value basis. At the time of requisitioning a meeting of members to vote on the proposed transaction with Mekong Minerals Limited (refer note 21) the Consolidated Entity will provide members with a copy of the report of the independent technical specialist along with or as part of a report or explanatory statement and Notice of Meeting to assist members voting at the general meeting of members called to consider the matters to be voted on relating to the Mekong Minerals transaction.

With the assistance of the independent technical specialist report, the Consolidated Entity has assessed its capitalised exploration and evaluation expenditure assets for impairment and recorded an impairment loss of \$649,719 in relation to the Becker project (2018: \$Nil) and a further \$1,749,142 in relation to the Cuitaboca project (2018: \$Nil). The Consolidated Entity's assessment of recoverable amounts are \$877,500 for the Becker project and \$3,902,925 for the Cuitaboca project. The recoverable amounts are based on the independent technical specialist's assessment of fair value, adjusted for estimated costs of disposal (a Level 3 fair value).

11. CAPITAL AND RESERVES

(a) Ordinary shares issued

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Ordinary shareholders have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The Company recorded the following amounts within shareholders' equity as a result of having issued ordinary shares.

30 June 2019	Number of ordinary shares	Issue price \$	Share capital \$
Balance at 1 July 2018	546,820,454		28,662,467
Share issue 28 August 2018 (non-cash)	5,083,436	\$0.00984	50,000
Share issue 25 September 2018 (non-cash)	6,875,597	\$0.00727	50,000
Share issue 8 March 2019	50,000,000	\$0.005	250,000
Share issue 1 April 2019	30,000,000	\$0.005	150,000
Share issue 10 April 2019	36,420,000	\$0.005	182,100
Share issue costs			(45,029)
Balance at 30 June 2019 – fully paid	<u>675,199,487</u>		<u>29,229,538</u>

30 June 2018	Number of ordinary shares	Issue price \$	Share capital \$
Balance at 1 July 2017	262,373,200		25,428,387
Share issue September 2017	26,947,851	\$0.03	808,435
Share issue September 2017 (non-cash)	3,385,482	\$0.03	101,564
Share issue October 2017	21,549,082	\$0.03	646,473
Share issue October 2017 (non-cash)	1,450,918	\$0.03	43,528
Share issue October 2017 (Option Exercise)	275,000	\$0.03	8,250
Share issue June 2018 (non-cash)	10,000,000	\$0.01	100,000
Share Issue June 2018	220,838,921	\$0.008	1,766,710
Share issue cost			(240,880)
Balance at 30 June 2018 – fully paid	<u>546,820,454</u>		<u>28,662,467</u>

(b) Options over ordinary shares

The Company has issued the following options over ordinary shares:

	Number of options 2019	Number of options 2018
Employee share options – see Note 15	6,500,000	8,000,000
Options issued as part of Rights Issue in June 2018	<u>110,419,414</u>	<u>110,419,414</u>
Total options over ordinary shares currently issued	<u>116,919,414</u>	<u>118,419,414</u>
Reconciliation		
Total options over ordinary shares – 1 July	118,419,414	25,372,500
Options issued as part of Rights Issue in June 2018	-	110,419,414
Options exercised during the year	-	(275,000)
Options lapsed during the year	<u>(1,500,000)</u>	<u>(17,097,500)</u>
Total options over ordinary shares – 30 June	<u>116,919,414</u>	<u>118,419,414</u>

(c) Nature and purpose of reserves**Revaluation reserve**

The revaluation reserve comprises the cumulative net change in fair value of available for sale financial assets until the assets are derecognised or impaired.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations.

12. SEGMENT INFORMATION

Each area of interest represents an operating segment, however for reporting purposes areas of interest are aggregated where they are located in the same region and relate to the exploration of similar commodities. The Consolidated Entity's current areas of interest relate to the exploration of precious metals in Mexico and Chile and are therefore reported as separate segments. In reviewing segment results the Managing Director and Board consider total expenditure on exploration and evaluation activities (expensed and capitalised) and results of such activities.

	Consolidated 2019 \$	2018 \$
Chile		
Exploration and evaluation expenditure expensed in profit or loss	22,447	-
Exploration and evaluation expenditure capitalised – see note 10	792,236	720,771
Total exploration and evaluation expenditure	<u>814,683</u>	<u>720,771</u>
Impairment loss on exploration and evaluation assets	649,719	-
Exploration and evaluation assets at 30 June	877,500	720,771
Mexico		
Exploration and evaluation expenditure expensed in profit or loss	21,399	112,628
Exploration and evaluation expenditure capitalised – see note 10	360,445	1,669,369
Total exploration and evaluation expenditure	<u>381,844</u>	<u>1,781,997</u>
Impairment losses on exploration and evaluation assets	1,749,142	-
Exploration and evaluation assets at 30 June	3,902,925	4,908,400

13. COMMITMENTS

The Consolidated Entity does not have any contracted expenditure or non-cancellable operating lease commitments at reporting date (2018: nil).

As part of the acquisition of the Becker Project, the Consolidated Entity committed to make monthly payments of \$50,000 per month for ten consecutive months from July 2018 to the previous owner. As at 30 June 2019 a total of \$nil remained owing (2018: \$500,000) by the Consolidated Entity to the previous owner.

In addition, the Consolidated Entity assumed all obligations of the project company in relation to the Becker Project including minimum exploration expenditure requirements. Further details are outlined in note 10.

14. CONSOLIDATED ENTITIES

	Country of Incorporation	Ordinary Shares Percentage Owned	
		2019	2018
Parent Entity			
Santana Minerals Limited	Australia		
Subsidiaries			
Namiquipa Pty Ltd	Australia	100	100
Espiritu Santo Pty Ltd	Australia	100	100
Texrise Pty Ltd	Australia	100	100
Cuitaboca Pty Ltd	Australia	100	100
Carlin Resources Pty Ltd	Australia	100	100
Administración Integral Ceresour SA de CV	Mexico	100	100
Minera Cuitaboca SA de CV	Mexico	100	100
Minera Balam SA de CV (*)	Mexico	-	100
Minera Antoinetta SA de CV	Mexico	100	100
Minera Carlin Chile SpA	Chile	100	100
Carlin Resources Chile SpA	Chile	100	100

*During the reporting period the Consolidated Entity completed the disposal of the Namiquipa Project through the sale of its shares in Minera Balam SA de CV for negligible consideration.

15. SHARE-BASED PAYMENTS

Employee share option program

In 2013, the Company, Santana Minerals Limited, established an employee share option program that entitles key management personnel and senior employees to purchase shares in the Company. Each option is exercisable to acquire one common share of the Company.

In 2013, 2016 and the 2017 year, grants were offered to these groups of Santana Minerals Limited employees. In accordance with these programs, options are exercisable at the exercise price determined at the date of grant.

The terms and conditions of the employee share option grants made under the employee share option program and in existence at 30 June 2019 were as follows.

Grant date	Entitlement	Number of instruments	Vesting conditions	Contractual life
23.03.2017	Senior Employees	5,000,000	Immediately upon grant	40 months
23.03.2017	Key management personnel	1,500,000	Immediately upon grant	40 months
Total employee share options		<u>6,500,000</u>		

All employee share options are exercisable at any time after the vesting date and before the expiry date to acquire one fully paid ordinary share. Where the employment or office of the option holder is terminated, any options which have not reached their vesting date will lapse and any options which have reached their vesting date may be exercised within two months from the date of termination of employment.

The number and weighted average exercise price of options is as follows.

	Weighted average exercise price 2019	Number of options 2019	Weighted average exercise price 2018	Number of options 2018
Share Options				
Outstanding at 1 July	0.08	8,000,000	0.14	11,900,000
Lapsed during the period	0.08	(1,500,000)	0.275	(3,900,000)
Granted during the period	-	-	-	-
Outstanding at 30 June	0.08	6,500,000	0.08	8,000,000
Exercisable at 30 June	0.08	6,500,000	0.08	8,000,000

The employee share options outstanding at 30 June 2019 have a weighted average exercise price of \$0.08 (2018: \$0.08) and a weighted average contractual life of 1.08 years (2018: 1.86 years).

The fair value of employee share options is measured at grant date and recognised as an expense over the period during which the key management personnel and senior employees become unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes formulas, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

The fair value of employee share options has been calculated with the following inputs:

	Fair value at grant date \$	Share price \$	Exercise Price \$	Expected volatility %	Option Life Years	Expected dividends %	Risk-free interest rate %
23.03.2017	0.027	0.039	0.08	134	3.3	-	1.99

Expected volatility was calculated using standard deviation based on historic data of listed companies on the Australian Securities Exchange operating in a similar industry to the Company and the Company over the term of the option.

Other share-based payment transactions

From time to time the Consolidated Entity may settle payment for services received from non-employees by way of issuing shares in lieu of settlement by cash. The following non-employee transactions have been settled by issuing of shares:

	Consolidated	
	2019 \$	2018 \$
September 2017 – 3,385,482 shares issued in settlement of fees to consultants	-	101,564
October 2017 – 1,450,918 shares issued in settlement of fees to consultants	-	43,528
June 2018 – 10,000,000 shares issued in settlement of the acquisition of the Becker Project – refer note 10	-	100,000
August 2018 – 5,083,436 shares issued in settlement of the August Acquisition Instalment for the Becker Project Acquisition – refer note 10	50,000	-
September 2018 – 6,875,597 shares issued in settlement of the September Acquisition Instalment for the Becker Project Acquisition – refer note 10	50,000	-
	<u>100,000</u>	<u>245,092</u>

Expenses arising from share-based payment transactions

Total compensation arising from employee share based payment transactions recognised during the year ended 30 June 2019 as part of share based remuneration expense was \$nil (2018: \$nil).

16. FINANCIAL INSTRUMENTS

Exposure to credit risk, currency risk and liquidity risk arises in the normal course of the Consolidated Entity's operations.

Credit risk

At the balance sheet date there were no significant concentrations of credit risk.

The Consolidated Entity held cash and cash equivalents of \$208,249 at 30 June 2019 (2018: of \$1,800,381), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which have a long term AA rating by Standard & Poor's.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Consolidated Entity is exposed to interest rate risk through its holding of cash and cash equivalents. At 30 June 2019 the weighted average interest rate on cash and cash equivalents was 0.25% (2018: 0.50%).

Sensitivity analysis

An increase of 50 basis points in interest rates would not have had a material impact on the Consolidated Entity's profit or loss.

Foreign currency risk

The Consolidated Entity's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

In AUD

	2019	2018
	\$	\$
Cash and cash equivalents – USD	13,720	92,089
Trade and other payables (current) - USD	-	(3,077)
Net exposure	13,720	89,012

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
AUD				
MXP	13.7886	14.5079	13.5245	14.5804
USD	0.7153	0.7754	0.7022	0.7385
CLP	482.03	477.05	474.84	480.28

Sensitivity analysis

A reasonably foreseeable movement in exchange rates would not have a material impact on the Consolidated Entity's profit or loss.

Liquidity risk

At reporting date there were no significant concentrations of liquidity risk. The Consolidated Entity's liquidity risk arises from its trade payables and other payables as presented in the statement of financial position at 30 June 2019. The maturity of these payables is less than 12 months.

Fair value

The carrying amounts of the Consolidated Entity's financial assets and financial liabilities approximate their fair values at 30 June 2019.

17. RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2019	2018
	\$	\$
Net loss	(2,832,520)	(926,051)
<i>Add/(less) non-cash items:</i>		
Depreciation	850	850
Impairment of exploration and evaluation assets	2,398,861	-
Foreign exchange loss	4,793	46,592
Share based payments	-	67,523
Profit on sale of property, plant and equipment	-	(8,786)
Gain on sale of exploration assets	(300,000)	
(Increase)/decrease in receivables	16,814	(12,188)
Increase/(decrease) in payables	(82,462)	45,209
Increase/(decrease) in employee benefits	2,011	6,367
(Increase)/decrease in prepayments	(2,505)	44,984
Net cash used in operating activities	(794,158)	(735,500)

18. RELATED PARTIES

Key management personnel disclosures

The following were the key management personnel of the Consolidated Entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive Directors

Mr NA Seckold (Chairman)

Mr RE Keevers

Mr RM Bell (appointed 31 May 2019)

Executive Directors

Mr AJ McDonald (Managing Director)

Executives

CJ McPherson (Company Secretary)

Key management personnel compensation disclosures

The key management personnel compensation included in 'personnel expenses' is as follows:

	Consolidated	
	2019	2018
	\$	\$
Salaries and Fees	292,012	296,367
Non-executive Directors' fees	118,750	115,000
	410,762	411,367

Information regarding individual directors and executives compensation is provided in the Remuneration Report section of the Directors' Report.

Loans to key management personnel and their related parties

The Consolidated Entity has not made any loans directly or indirectly to key management personnel during the current financial year.

Other key management personnel transactions

The key management personnel hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

Key management personnel are able to receive remuneration directly through these entities. All amounts applicable to remuneration have been disclosed in the Remuneration Report section of the Directors' report.

During the year the Consolidated Entity paid MIS Corporate Pty Ltd, an entity associated with Mr NA Seckold, \$21,585 (2018: \$39,023) for investor relations services. At reporting date \$990 (2018: \$3,976) was outstanding and payable to MIS Corporate Pty Ltd.

During 2015 the Consolidated Entity entered into agreements allowing it to earn 80% of the Cuitaboca Project from an entity associated with Mr NA Seckold. Under the terms of the agreements, the Consolidated Entity made an initial payment of A\$100,000 and has committed to meeting 100% of expenditure, thereby providing the Consolidated Entity with management of the Cuitaboca Project through an initial 100% ownership of Minera Cuitaboca S.A. de C.V. (Project Company).

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Consolidated Entity and there were no material contracts involving directors' interests existing at year-end.

19. PARENT ENTITY

As at, and throughout, the financial year ended 30 June 2019 the parent entity of the Group was Santana Minerals Limited.

<i>In thousands AUD</i>	2019	2018
Results of the parent entity		
Loss for the year	(1,580,991)	(1,171,307)
Other comprehensive income		-
Total comprehensive income for the year	<u>(1,580,991)</u>	<u>(1,171,307)</u>
Financial position of the parent entity at year end		
Current assets	221,502	1,725,970
Total assets	5,073,527	6,931,298
Current liabilities	95,512	177,483
Total liabilities	95,512	177,483
Total equity of the parent entity comprising of:		
Share capital	29,299,538	28,662,467
Retained earnings	(23,489,643)	(21,908,652)
Total capital	<u>5,809,895</u>	<u>6,753,815</u>

20. SUBSEQUENT EVENTS

Since the end of the financial year and to the date of this report no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than the matter referred to below.

On 17 July 2019, the consolidated entity announced that it had signed an agreement with Mekong Minerals Limited ('Mekong') to purchase Mekong's 75% interest in the Sayabouly Project in Lao and two Cambodian gold projects in which Mekong holds farmed out interests. Consideration for the transaction is the issue of ~650m fully paid ordinary shares to Mekong (to be distributed to Mekong Shareholders) and reimbursement of \$210,000 to Mekong for exploration expenses. Additionally, the consolidated entity will offer to acquire all of the Mekong options from Mekong option holders in exchange for Santana Options 50m options (strike price of \$0.01, expiring 14 months from issue) to Mekong option holders. If all Mekong option holders accept the offer 50m Santana options will issue. The transaction remains subject to certain conditions precedent (including the consolidated raising a minimum of \$3m) or such other sum as agreed between the parties) and has not completed as at the date of this report.

Directors' declaration

1. In the opinion of the directors of Santana Minerals Limited (the Company)
 - a) the consolidated financial statements and notes that are set out on pages 31 to 60 and the Remuneration report in section 3 of the Directors' report are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.
3. The directors draw attention to note 1 (b) to the consolidated financial statements which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



AJ McDonald
Managing Director

Dated at Brisbane this 30th day of September 2019



Independent Auditor's Report

To the shareholders of Santana Minerals Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Santana Minerals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2019;
- Consolidated statement of profit or loss, Consolidated statement of other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *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 fulfilled our other ethical responsibilities in accordance with the Code.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.



Material uncertainty related to going concern

We draw attention to Note 1(s), "Going Concern" in the Financial Report. The conditions disclosed in Note 1(s), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt on the Group's assessment of going concern. This included:

- analysing the cash flow projections by:
 - evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices; and
 - assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results and our understanding of the business, industry and economic conditions;
- assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the Group, its industry and financial position to assess the level of associated uncertainty; and
- evaluating the Group's going concern disclosures in the Financial Report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principal matters giving rise to the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, 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. We do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be a Key Audit Matter.


Exploration and evaluation expenditure (\$4,780,425)

Refer to Note 10 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation (E&E) expenditure capitalised is a key audit matter due to:</p> <ul style="list-style-type: none"> the significance of E&E activities to the Group's business, with the balance of capitalised E&E expenditure being 94% of total assets; and the greater level of audit effort required to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> (AASB 6), in particular, the conditions allowing capitalisation of relevant expenditure and the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed. <p>The AASB 6 conditions allowing capitalisation of relevant expenditure require judgement, particularly in respect of:</p> <ul style="list-style-type: none"> the Group's determination of the areas of interest; and the Group's intention and capacity to continue the relevant E&E activities. <p>Assessing the presence of impairment indicators also requires judgement and given the financial position of the Group specific consideration needs to be given to:</p> <ul style="list-style-type: none"> the strategic direction of the Group and their intent to continue exploration activities in each area of interest; the ability of the Group to fund the continuation of activities in each area of interest; and results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area of interest. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> evaluating the Group's accounting policy applicable to capitalising E&E expenditure as assets using the criteria in the accounting standard; assessing the Group's determination of its areas of interest for consistency with the definition in the accounting standard; assessing the Group's current rights to tenure for each area of interest by corroborating the ownership of the relevant licence to government registers or other supporting documentation and evaluating agreements in place with other parties. We also tested for compliance with licence conditions, such as minimum expenditure requirements on a sample of licenses; testing the E&E expenditure capitalised to areas of interest for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; evaluating Group documents, such as minutes of Directors meetings and management's cash flow projections, for consistency with their stated intentions for continuing exploration and evaluation activities in certain areas. We corroborated this through interviews with key personnel; evaluating the Group's determination of recoverable value of the Cuitaboca and Becker projects through testing the status of the Group's tenure and documented planned future activities, reading board minutes, considering the results of exploration programmes completed to date, and discussion with key personnel; and



Where impairment indicators are present, the Group's determination of the recoverable value of the areas of interest is based on assumptions which require judgement. In the current year the Group determined that there were indicators of impairment in relation to the Cuitaboca and Becker areas of interest. Based on an independent technical specialist's consideration of the recoverable amounts of these areas of interest, the carrying values were written-down to the estimated fair value less costs of disposal.

- working with our valuation specialists, reading the report of the independent technical specialist and evaluating their work regarding the recoverable value of the Cuitaboca and Becker areas of interest for consistency with our understanding of the basis of the recoverable amounts and other information available to us.

Other Information

Other Information is financial and non-financial information in Santana Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing a Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and 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 objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

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

Directors' 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 responsibilities

We have audited the Remuneration Report included in Section 3 of the Directors' Report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Stephen Board
Partner

Brisbane
30 September 2019

Additional Information Required by the Listing Rules as at 13 September 2019

List of the 20 Largest Shareholders

Rank	Name	Shares Held	% of Total Shares
1	ALPHA HPA LIMITED	71,959,033	10.66
2	PERMGOLD PTY LIMITED <SECKOLD FAMILY SUPER A/C>	36,475,518	5.40
3	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	29,330,360	4.34
4	FIRST MAJESTIC SILVER CORP.	29,303,081	4.34
5	WIP FUNDS MANAGEMENT PTY LTD <PORTER FAMILY S/F A/C>	24,443,994	3.62
6	COMPANY FIFTY PTY LTD <MCDONALD SUPER FUND A/C>	23,805,251	3.53
7	PERMGOLD PTY LTD <SECKOLD FAMILY SUPER A/C>	23,358,806	3.46
8	MR TERENCE WILLIAM KAHLER & MRS SUZANNE KAHLER <KAHLER SUPER FUND A/C>	17,776,014	2.63
9	ROCKET SCIENCE PTY LTD <THE TROJAN CAPITAL FUND A/C>	15,045,000	2.23
10	MR TERRENCE WILLIAM KAHLER	11,890,761	1.76
11	SECKOLD PTY LTD <SECKOLD FAMILY A/C>	10,195,486	1.51
12	MR ROBERT GALBRAITH	10,000,000	1.48
12	MR TIMOTHY TANGNEY	10,000,000	1.48
13	MR TERENCE WILLIAM KAHLER & MRS SUZANNE KAHLER <KAHLER SUPER FUND A/C>	9,594,728	1.42
14	ROOKHARP INVESTMENTS PTY LTD	9,375,000	1.39
15	COMPANY FIFTY PTY LTD <MCDONALD FAMILY AC>	9,285,740	1.38
16	ANTHONY JOHN MCDONALD	6,533,332	0.97
17	MR TERENCE WILLIAM KAHLER & MRS SUZANNE KAHLER <KAHLER SUPER FUND A/C>	6,458,728	0.96
18	MR ANDREW SKINNER	6,058,404	0.90
19	AVANTEOS INVESTMENTS LIMITED <5863823 PETER A/C>	6,000,000	0.89
20	COLENEW PTY LTD <PAUL XIRADIS ACCOUNT>	5,333,334	0.79
TOTAL OF TOP 20 SHAREHOLDERS		372,222,570	55.13%
BALANCE OF REGISTER		302,976,917	44.87%
TOTAL SHAREHOLDERS		675,199,487	100.00%

Substantial Shareholders

Name	Shares Held	% of Total Shares
PERMGOLD PTY LTD	70,029,810	10.37%
ALPHA HPA LIMITED	71,959,033	10.66%
MR TERENCE WILLIAM KAHLER & MRS SUZANNE KAHLER <KAHLER SUPER FUND A/C>	50,000,000	7.41%
LOWELL RESOURCES FUND	45,333,332	6.71%
COMPANY FIFTY PTY LTD	39,624,323	6.15%

Distribution of Shareholder's Holdings

Ordinary Shares Held	Number of Shareholders	Number of Shares
1 – 1,000	1,044	429,470
1,001 – 5,000	686	1,699,665
5,001 – 10,000	199	1,486,669
10,001 – 50,000	302	6,948,430
50,001 – 100,000	107	8,177,753
100,001 and over	343	656,457,500
TOTAL	2,681	675,199,487
Unmarketable Parcels	2,386	25,345,445

Details of Unlisted Options

Details	Number of Holders	Number of Options
31 JULY 2020 (Exercisable at 8c)	4	6,500,000

Shareholding Information

Enquiries

Shareholders with enquiries about any aspect of your shareholding should contact the Company's Share Registry as follows:

Link Market Services Limited

Telephone: 1300 554 474

Facsimile: +61 2 9287 0303

Website: www.linkmarketservices.com.au

Electronic Announcements and Reports

Shareholders, who wish to receive announcements made to the ASX as well as electronic copies of the Annual Report and Half Year Report, are invited to provide their email address to the Company. This can be done by writing to the Company Secretary or via the Company's website.

Change of Name/Address

Shareholders should advise the share registry promptly of any change of name and/or address so that correspondence with them does not go astray. All such changes must be advised in writing and cannot be accepted by telephone. Forms can be found on the Share Registry website or obtained by contacting the Share Registry.

Shareholders who hold their shares via a broker should instruct their sponsoring broker in writing to notify the Share Registry of any change of name and/or address.

In the case of a name change, the written advice must be supported by documentary evidence.

Consolidation of Shareholdings

Shareholders who wish to consolidate their separate shareholdings into one account should write to the Share Registry or their sponsoring broker, whichever is applicable.

Stock Exchange Listing

The Company's shares are listed on the ASX. Details of share transactions and prices are published in the financial papers of daily capital city newspapers under the code SMI.

Corporate Directory

Australian Business No.	37 161 946 989
Directors	<p>Norman A Seckold, Chairman</p> <p>Anthony J McDonald, Managing Director</p> <p>Richard E Keevers, Non-Executive Director</p> <p>Robert M Bell, Non-Executive Director</p>
Corporate Secretary	Craig J McPherson
Registered Office	<p>Level 5</p> <p>10 Eagle Street</p> <p>Brisbane, QLD 4000</p> <p>Phone: +61 7 3221 7501</p> <p>Email: admin@santanaminerals.com</p> <p>Website: www.santanaminerals.com</p>
Postal Address	<p>P O Box 1639</p> <p>Milton LPO QLD 4064</p>
Auditors	<p>KPMG</p> <p>Level 16</p> <p>Riparian Plaza</p> <p>71 Eagle Street</p> <p>Brisbane, Qld 4000</p>
ASX Code	SMI
Share Registrars	<p>Australia</p> <p>Link Market Services Limited</p> <p>Level 21</p> <p>10 Eagle Street</p> <p>Brisbane, QLD 4000</p>
Exchange	<p>Australian Stock Exchange</p> <p>Level 8</p> <p>Exchange Plaza</p> <p>2 The Esplanade</p> <p>Perth, WA 6000</p>

