



ZEUS  
RESOURCES LTD



# Annual Report

## For the year ended 30 June 2019

*The information contained in this report is to be read  
in conjunction with Zeus Resources Limited's 2019  
half year report and announcements to the market  
Zeus Resources released during the period*

**WWW.ZEUSRESOURCES.COM ABN 70 139 183 190**

# **CORPORATE DIRECTORY**

## **Directors**

Mr Shouyin Wang – Chairperson (resigned 25 Sept 2019)  
Mr Jiangang Zhao - Acting CEO and Director  
Mr Gregory Clifton Hall - Non-executive Director  
Mr Yong Zhang - Non-executive Director  
Mr Dongfeng Zhang – Chairperson (appointed 25 Sept 2019)

## **Company Secretary**

Anthony Harris

## **Principal registered office**

Suite 105 Level 1, 25-27 Berry Street  
North Sydney  
Telephone: +61 2 8488 3270

Email: [info@zeusresources.com](mailto:info@zeusresources.com)

## **Auditor**

William Buck  
29/66 Goulburn St  
Sydney NSW 2000

## **Share Registry**

Link Market Services  
Level 4, 152 St George's Terrace  
Perth WA 6000

## **Australian Securities Exchange**

ASX Code – ZEU

Website: [www.zeusresources.com](http://www.zeusresources.com)

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# CHAIRPERSON'S REPORT

Dear Shareholder,

It is with great pleasure that I write to you and present the Zeus Resources Ltd (Zeus or the Company) Annual Report for the year ended 30 June 2019.

During the past year, uranium exploration and mining companies have experienced flat demand growth and stable supply lines. While it is thought that stockpiles of uranium are being depleted there are large producers with mines in care and maintenance mode waiting for an opportunity to re-start if the price recovers significantly. Uranium price remains low, around US\$24 per lb and an increase in the price is not foreseen in the short-term.

## **Tenements Exploration**

Exploration efforts during the year have focussed on the planning of follow up exploration programs for proposed drilling at the Company's remaining Narnoo and Wiluna Projects and at the Gascoyne tenement extension Mortimer Hill E09/2147.

Exploration conducted by farm-in partner Arrow Minerals Ltd Limited (ASX: AMD) (Arrow) has continued exploring the lithium potential at the Mortimer Hills project in the Gascoyne region as outlined in the Operations Review.

During March 2018, Zeus signed a Deed of Variation with Arrow Minerals Ltd. covering the joint venture licence E09/1618. Under the terms of the Variation, Arrow would sole fund a further \$125,000 of Expenditure on E09/1618, by no later than 15 May 2019 (Stage 2 Farm-In Expenditure) (for a total Expenditure from the Satisfaction date of \$250,000).

During June 2019, Arrow completed a hyperspectral survey at Mortimer Hills project area and have given notice to Zeus that it has met the Stage 2 expenditure requirements of the Farm-in and Joint Venture Agreement covering exploration licence E09/1618.

## **Project Acquisition**

During the past year, the Company has focused on the acquisition of gold and/or copper projects in Laos. The board, of Zeus has examined several potential projects and in January 2019 sent a technical team led by Mr Daniel Liu, General Manager – Geology and Exploration for the Company, to investigate several of these projects. The team visited three provinces in Laos and reviewed 7 gold and/or copper projects, which included three gold and/or copper projects in Xaignabouri Province in West-North of Laos; one gold project in Xaisomboun Province in Central of Laos; and three gold and/or copper projects in Attapeu Province in South of Laos;

The Company is investigating the opportunity to invest in one of the projects in Laos during the 2<sup>nd</sup> half of 2019 and will continue broadening information channels to get access to new potential acquisitions and joint venture opportunities and continue to actively review resource projects whether in uranium or other base metals such as copper, gold, nickel and zinc.

# CHAIRPERSON'S REPORT

## **Financial Position**

The company still has sufficient funds to support further operations with \$1.512 million of cash as at 30<sup>th</sup> June 2019 and no debt.

Implementation of cost reduction plans has led to operational costs being reduced by over 32%. This has been mainly achieved by the Mr Zhang, Mr Zhao, Mr Wang and myself no longer receiving any directors' fees from the Company.

This financial position will enable the Company to carry out further exploration and explore acquisitions and joint venture possibilities in the next financial year.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'Zhang Dongfeng', written in a cursive style.

Mr. Dongfeng Zhang  
Chairperson

Dated this 27<sup>th</sup> day of September 2019

## REVIEW OF OPERATIONS

The Company holds six active licences in three project areas within Western Australia, at Lake Way, Narnoo South and Mortimer Hills. During the March quarter 2018, the Company signed a Deed of Variation with Arrow Minerals Ltd. covering the Stage 2 earn-in of the Mortimer Hills joint venture agreement. Under the terms of the Variation, Arrow would sole fund a further \$125,000 of Expenditure on E09/1618, by no later than 15 May 2019 (Stage 2 Farm-In Expenditure) (for a total Expenditure from the Satisfaction date of \$250,000). During June 2019, Arrow Minerals Ltd. completed a hyperspectral survey at Mortimer Hills project area and have given notice to Zeus that it has met the Stage 2 expenditure requirements of the Farm-in and Joint Venture Agreement covering exploration licence E09/1618.

Tenements are shown in Figure 1 and detailed in Table 1.

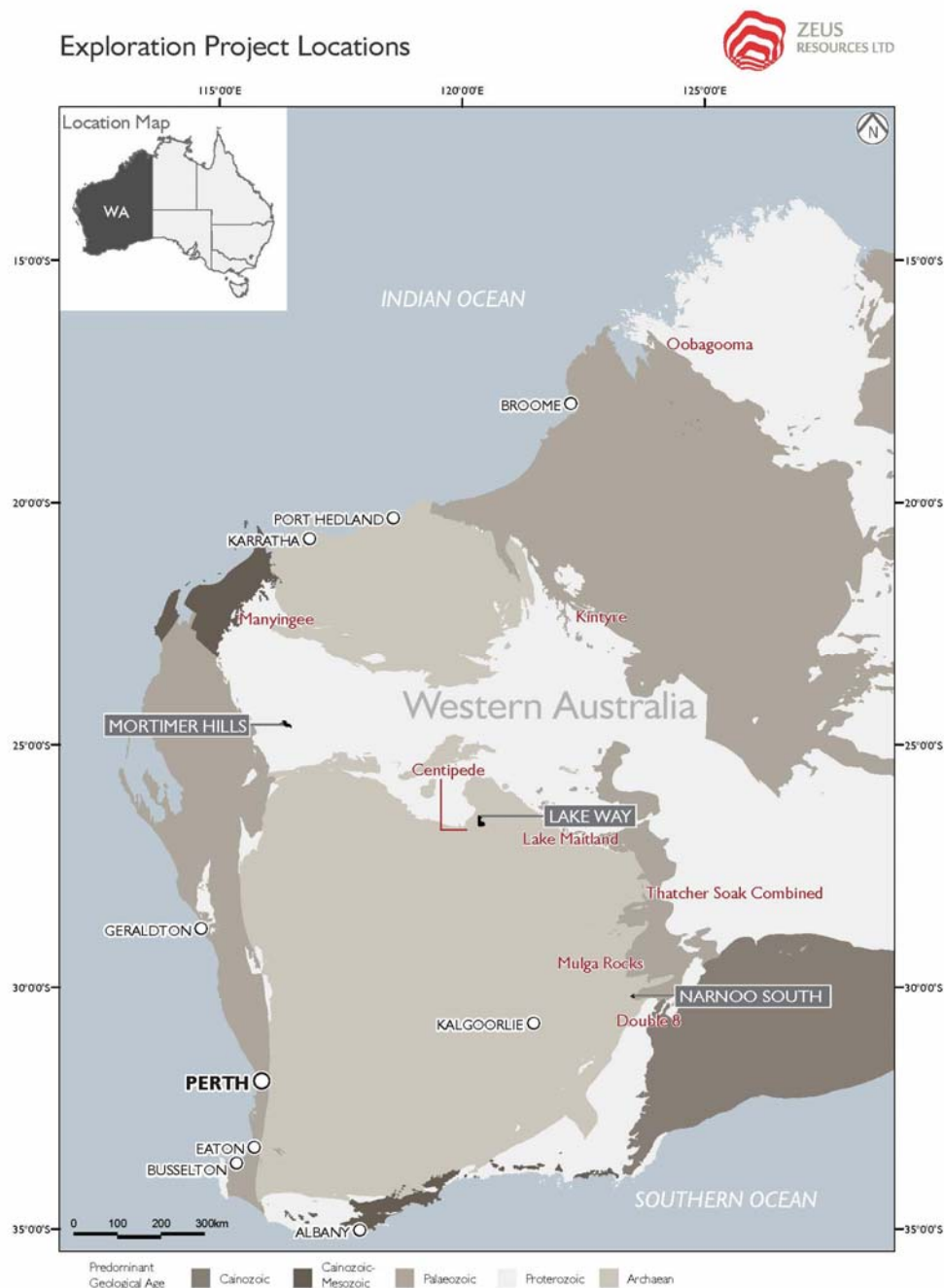


Figure 1. Zeus Resources Tenement Location Map.

## REVIEW OF OPERATIONS

Region	Project	Tenement	Status	Holder	Operator	Comments
Wiluna	Lake Way	E 53/1601	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
		E 53/1603	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
		E 53/1604	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
Narnoo	Narnoo South	E 28/2097	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
Gascoyne	Mortimer Hills	E 09/1618	Granted	Zeus Resources Ltd	Arrow Minerals Ltd	65% of the interest remaining
		E 09/2147	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
Table 1. Zeus Resources Tenement Details						

### Exploration Program

Exploration efforts during the year have focussed on the planning of follow up exploration programs for proposed drilling at the Company's Narnoo and Wiluna Projects.

Exploration conducted by joint venture partner Arrow Minerals Limited (ASX : AMD) (Arrow) has focused on the lithium potential at the Mortimer Hills JV Project in the Gascoyne region. During June 2019, Arrow Minerals Ltd. completed an airborne hyperspectral survey over the project area.

### **Wiluna Project**

The Wiluna Project comprises three exploration licences, located approximately 15km east of the town of Wiluna. The project covers portions of the southerly trending Kukububba (Lake Way) Palaeochannel and is prospective for uranium mineralisation associated with the palaeodrainage system. During the year preparation for a proposed follow up drilling on the Lake Way Palaeochannel continued.

The proposed drilling is a follow up to a successful drilling program conducted in December 2014 where prospective reduced sediments were determined to be widespread at depth within the Lake Way Palaeochannel, with a regionally extensive target sand horizon determined to be restricted to the palaeovalley axis. Drilling has been planned to target these prospective reduced palaeochannel sandstones within the Kukububba (Lake Way) Palaeochannel.

Approval for this drilling program has been granted by the DMP, with Aboriginal heritage clearance also obtained, for these drill locations within the Lake Way Project area.

## REVIEW OF OPERATIONS

### Narnoo Project

Exploration drilling conducted at Narnoo South, E28/2097, during May 2015 intersected low-grade uranium mineralisation within the Drillers Palaeochannel, a narrow tributary paleochannel, steeply incised into underlying Permian clays. Tertiary lignites and paleochannel sandstones were well developed with the channel, with up to 27m of lignite intersected. A broad zone of lignite-hosted uranium mineralisation, similar in style to the Mulga Rocks Uranium deposits, was identified at a Redox boundary developed at the top of the lignite horizon.

During the year preparation for the proposed follow up drilling of the Narnoo South uranium prospect continued. The proposed drilling program of 12 (priority 1) holes at Narnoo South aims to confirm the uranium grade and thicknesses within the Driller's Palaeochannel, following up on mineralisation identified during the original drilling program conducted in May 2015.

Approval for this drilling program has been granted by the DMP for these drill locations.

### Gascoyne Project

The Gascoyne Project comprises two exploration licences, located approximately 290km east of the town of Carnarvon and 50km southeast of Mount Augustus. Stream sediment sampling programs have been undertaken by Zeus Resources joint venture partner Arrow Minerals Limited (Arrow) on the Mortimer Hills JV, which covers exploration licence E09/1618.

During March 2017, Arrow carried out a follow-up stream sediment survey over E09/1618 and the Camel Hill prospect, where anomalous results for Lithium Caesium Tantalum (LCT) indicator minerals have been identified. The stream sediment survey extended upon the previous exploration of prospective ground around Camel Hill, within the metasediments of the Mount James Subgroup and the Leake Springs Metamorphics.

Results from the stream sediment sampling within E09/1618 and the wider project area, showed a strong correlation amongst the Lithium Caesium Tantalum (LCT) Pegmatite pathfinder elements Li-Cs-Ta + Be, Rb, Nb, Sn. The sampling programs highlighted the potential of the Camel Hills area to host LCT pegmatites by defining a low order Li-Cs-Ta-Rb anomaly which warrants further exploration.

During the March quarter 2018, the Company signed a Deed of Variation with Arrow Minerals Ltd. covering the joint venture licence E09/1618. Under the terms of the Variation, Arrow would sole fund a further \$125,000 of Expenditure on E09/1618, by no later than 15 May 2019 (Stage 2 Farm-In Expenditure) (for a total Expenditure from the Satisfaction date of \$250,000).

During June 2019, Arrow Minerals Ltd. completed a hyperspectral survey at Mortimer Hills project area and have given notice to Zeus that it has met the Stage 2 expenditure requirements of the Farm-in and Joint Venture Agreement covering exploration licence E09/1618.

The key terms of the Mortimer Hills JV are:

- Arrow to spend \$30,000 on exploration prior to 15 May 2016 (**Initial Exploration**);
- Following completion of the Initial Exploration, Arrow can earn a 35% interest in the Joint Venture through the expenditure of \$125,000 within 12 months (**Stage 1 Farm-in**);
- Following completion of the Stage 1 Farm-in, Arrow can earn an additional 15% interest in the Joint Venture (taking Arrow's interest to 50%) through the expenditure of \$125,000 within 12 months (**Stage 2 Farm-in**);
- Following completion of the Stage 2 Farm-in, standard joint venture terms apply, including contributions in proportion to equity holdings, dilution and pre-emptive rights; and
- If either Zeus or Arrow's joint venture interest dilutes to less than 10% then that party's interest will convert to a 1% NSR royalty.

## REVIEW OF OPERATIONS

### ***Competent Person Statement:***

*Information in this release that relates to Exploration Results is based on information compiled by Mr Andrew Rust, who is a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Rust is a full time employee of Shearwater Australia Proprietary Limited. Mr Rust is engaged by Zeus Resources Limited as an independent consultant. Mr Rust has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Rust consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.*

## DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Company for the financial year ended 30th June 2019.

### Review of operations

During the past financial year, the Company still focused on both geological exploration of current tenements and new project acquisitions.

Exploration efforts during the year have focussed on the planning of follow up exploration programs at the Company's Narnoo and Wiluna Projects.

Exploration conducted by farm-out partner Arrow Minerals Limited has focused on the lithium potential at the Mortimer Hills tenement in the Gascoyne region. A number of soil sampling programs were completed, which have identified a low order Li-Cs-Ta-Rb anomaly at the Camel Hill prospect.

During March, Zeus signed a Deed of Variation with Arrow Minerals Ltd. covering the joint venture licence E09/1618. Under the terms of the Variation, Arrow would sole fund a further \$125,000 of Expenditure on E09/1618, by no later than 15 May 2019 (Stage 2 Farm-In Expenditure) (for a total Expenditure from the Satisfaction date of \$250,000).

During June 2019, Arrow completed a hyperspectral survey at Mortimer Hills project area and have given notice to Zeus that it has met the Stage 2 expenditure requirements of the Farm-in and Joint Venture Agreement covering exploration licence E09/1618.

The Company will continue to investigate potential other joint venture partners for current tenement exploration licences and hopes to develop partnerships with similar terms and conditions of the Arrow joint venture.

The Company has also formed some new relationships with potential operators in Laos. There were two visits to potential investment sites during the financial year and there are plans for more intensive investigations in the upcoming financial period.

### Results of Operations

For the year ended 30th June 2019 the Company recorded a loss of \$261,510 (2018: Loss \$528,593).

Total exploration expenditure for the year was \$154,475 (2018: \$159,919) of which \$149,316 was capitalised to exploration assets (2018: \$153,916).

For the year ended 30<sup>th</sup> June 2019 the share price of the Company decreased from opening at \$0.014 per share to close at \$0.008 per share – a change in value of -43%.

### Shares Registry

For the year ended 30th June 2019 the Company did not issue any additional shares or cancel any shares. (2018: Nil). The Company did not make any payments for shares in the Company at a discount or premium to the traded price. (2018: Nil)

## DIRECTORS' REPORT

### Significant changes in state of affairs

During the financial year ended 30<sup>th</sup> June 2019, the Company Secretary, Ms Shelley Peters, resigned. Mr Anthony Harris as subsequently appointed.

No other significant changes were made to the structure and composition of board and management to 30<sup>th</sup> June 2019.

### Principal activities

The principal activity of the Company during the year was the exploration for uranium and other metal resources and the assessment of options for investment in multi-commodity mining assets. The Company operates as a for profit entity. No change in the principal activity occurred during this period.

### Likely developments and expected results of operations

The Company intends to continue its exploration activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

### Directors

The Directors in office during the year and as at the date of this report are:

Mr. Jiangang Zhao  
Mr. Gregory Clifton Hall  
Mr. Yong Zhang  
Mr. Shouyin Wang (resigned 25 Sept 2019)  
Mr. Dongfeng Zhang (appointed 25 Sept 2019)

Directors have been in office since the start of the financial year (1 July 2018) to the date of this report unless otherwise stated.

## DIRECTORS' PROFILES

### Mr Shouyin Wang – Chairperson (Resigned 25 September 2019)

BA Geology Institute of Hebei  
EMBA Xi'an University of Technology

From 1987-1997, Mr Wang worked at the Shandong Office of the China Metallurgical Geological Bureau and from 1997- 2012, he worked for Xinjiang Geological Prospecting Institute as Dean and President. He also acted as a Director, Deputy Manager and as CFO of ZIMC during this period. From 2012 to current, Mr Wang is acting as the director of Mining Development Department of the China Metallurgical Geological Bureau and has been the General Manager of ZIMC since May 2015.

### Mr Dongfeng Zhang – Chairperson (Appointed 25 September 2019)

PhD Zhongnan University

Mr Zhang is currently the Chairperson of Zhengyuan International Mining Company Ltd (ZIMC). Prior to joining ZIMC, Mr Zhang worked for many years as a Director and as an engineer including at the Institute of Geology of the Third Bureau (1993-1997); at the Shanxi Office of the China Metallurgical Geological

## DIRECTORS' REPORT

### DIRECTORS' PROFILES continued

Bureau (1997-1998); as Vice President at the Geological Exploration Institute (1998-2002); as Deputy Manager at the Shanxi Metallurgical Geotechnical Corporation (2006-2010). Mr Zhang then went on to complete a PhD at Zhongnan University. Mr Zhang then return to serve as the Dean of the Third Geological Exploration Institute of China Metallurgical Geology Bureau (2014-2017) and then as the current Dean of Kunming Institute of China Metallurgical Geology Bureau.

#### **Mr Yong Zhang - Non-Executive Director**

B. Engineering (Shandong Construction College)

Mr Yong Zhang has had an extensive career in property development, real estate sales and investment. Mr Zhang has extensive property interests in China with over 1,600 employees. Mr Zhang was instrumental in securing the cornerstone investment in Zeus by China Metallurgical Geological Bureau, via its subsidiary Zhengyuan International Mining Company Limited.

#### **Mr Gregory Clifton Hall - Non-Executive Director**

B. App Sc. (University of New South Wales)

Mr Greg Hall is a seasoned geologist with over 35 years of international experience. From 1988-2005, he was employed by the Placer Dome group of companies, serving as Chief Geologist -World Wide during the last five years he was there. Placer Dome was acquired by Barrick Gold Corporation in early 2006.

Over the course of his illustrious career, Mr Hall had a senior role in the discoveries of both Barrick Gold's Granny Smith mine and Rio Tinto's Yandi iron ore mine. In addition, he took part in the discoveries of Keringal and Wallaby in Australia's Eastern Goldfields, as well as the definition of AngloGold Ashanti's Sunrise gold mine.

#### **Mr Jiangang Zhao – Acting CEO and Director**

BA Northwest A&F University

MA Research Institute for Fiscal Science

Mr Jiangang Zhao holds a Bachelor of Accounting, a Master of Finance and a Master of Accounting. Presently, Mr Zhao is the Deputy Chief Financial Officer in the Department of Finance of Zhengyuan International Mining Company Limited.

#### **Ms Shelley Peters - Company Secretary**

(Resigned – 3<sup>rd</sup> April 2019)

Ms Peters has worked with Azure Group for over 7 years and leads the Company Secretarial division. Ms Peters also currently manages strategic accounting, and transactional matters, specialising in M&A transactions.

Ms Peters has been admitted as a Lawyer of the Supreme Court of NSW and is a Chartered Accountant.

#### **Mr Anthony Harris - Company Secretary**

(Appointed – 3<sup>rd</sup> April 2019)

Mr Harris has almost 35 years' experience in accounting and finance. He is a member of CAANZ and an Associate of the Financial Services Institute of Australia.

Mr Harris has extensive experience generated from his diverse roles including a partnership role in public practice, having co-founded a boutique investment bank with a focus to SME corporate finance advisory services and in recent years a combination of CEO, COO and CFO roles across a number of sectors.

## DIRECTORS' REPORT

### Environmental Regulations

The Company is subject to significant environmental regulations under legislation of the Commonwealth of Australia. The Company aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

The Company is aware of its responsibility to impact as little as possible on the environment and, if and when there, is any disturbance, to rehabilitate sites. During the period under review, all field and exploration work was carried out in Western Australia. The Company followed procedures and pursued objectives in line with guidelines published by the WA State Government and granting of exploration license application conditions.

These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Company supports this approach and is confident that it properly monitors and adheres to these objectives and any local conditions applicable.

During the period ended 30th June 2019 there have been no known material breaches of the environmental obligations of the Company's contracts or licenses. (2018: None).

### Dividends

No dividends have been declared in respect of the year ended 30th June 2019 (2018: Nil)

### Events subsequent to the end of the reporting period

E09/1681 tenement Farm-In agreement. As per the terms of the contract between the Company and Arrow Minerals Ltd ("Arrow"), Arrow was eligible to receive the 15% Stage 2 title entitlement at the expenditure requirement of \$125,000 as met. However, as at report date the 15% title entitlement had not been transferred to Arrow.

E28/2097 tenement minimum expenditure commitment. During the financial year ended 30<sup>th</sup> of June 2019, the Company as required to meet expenditure requirements set by the Department of Minerals and Petroleum, WA, of \$70,000.00. The Company did not reach this level of expenditure as at the anniversary date of the tenement, 5 May 2019, hence the Company lodged an exemption request. The outcome of the exemption request is not known as of the date of this Annual Report. The possible outcomes are approval of the exemption or a penalty notice or a Forfeiture Notice being issued by the Department. The value of the penalty notice or impairment value, if forfeiture imposed, will be recognised in the financial year ended 30<sup>th</sup> June 2020.

The Company received a Notice of Claim lodged in the Local Court of NSW on 11<sup>th</sup> July 2019, from a former supplier demanding payment of \$50,281.31. The Company engaged the services of King Wood & Mallesons, Solicitors, to dispute the claim. The former supplier withdrew its claim on 21<sup>st</sup> August 2019 and a discontinuance notice was received by the Company. The amount of \$2,750.00 in costs, to dispute the claim, were incurred by the Company.

The Chairperson, Mr Shouyin Wang resigned on 25<sup>th</sup> September 2019 and Mr Dongfeng Zhang was subsequently appointed to the position by the Board.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in the report or in the financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## DIRECTORS' REPORT

### Directors' interest

The Directors' beneficial interest in shares and options as at the date of this report are:

	Shares			Options
	Direct	Indirect	Total	
Mr Shouyin Wang <sup>1</sup>	-	57,650,000	57,650,000	-
Mr Jiangang Zhao <sup>2</sup>	-	57,650,000	57,650,000	-
Mr Yong Zhang <sup>3</sup>	-	57,534,500	57,534,500	-
Mr Gregory Clifton Hall <sup>4</sup>	10,000	10,000	20,000	-
Total	10,000	172,844,500	172,854,500	Nil

1. Mr Shouyin Wang is a director of Zhengyuan International Mining Company Ltd, which holds the relevant interest in Zeus Resources. Shares held as a nominee director by Mr Ding subsequently transferred to Mr Wang upon his appointment on 30<sup>th</sup> July 2015
2. Mr Jiangang Zhao is a nominee director appointed to Zhengyuan International Mining Company Ltd and has power to exercise or control the exercise of the voting rights attached to the securities in Zeus Resources.
3. Mr Yong Zhang is a director of and controls Vast Honour Global Limited, which holds a direct relevant interest in Zeus Resources.
4. Mr Gregory Clifton Hall controls Omaroo Pty Ltd ATF Hall Family Trust that owns shares in Zeus.

### REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management personnel (KMP) of the Company which includes directors and senior executives. KMP are those individuals that have the authority and responsibility for planning, directing and controlling the activities of the Company.

#### Remuneration Policy

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board. All executives receive remuneration based on factors such as length of service and experience.

The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the entity's strategic objectives.

The remuneration framework the board established has three components:

- Fixed remuneration consisting of base pay and benefits, including superannuation,
- Short-term performance incentives and bonuses,
- Long-term incentives through issuances of share options.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the board, based on individual and business unit performance, the overall performance of the entity and comparable market remunerations. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the entity and provides additional value to the executive.

## DIRECTORS' REPORT

### **Remuneration Policy continued**

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') program comprises of share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the entity's direct competitors.

At issue date of this report there are no Key Management personnel have received "STI" or "LTI" benefits.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The Board does not currently link KMP or director's remuneration to specific market-based goals or targets due to stage of development of the Company's projects or overall Company performance. Individual performance-based goals are set by the Company to ensure that exploration, project evaluation and administration tasks are performed efficiently and to the benefit of stakeholders.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The maximum aggregate amount for the financial year ending 30<sup>th</sup> June 2019 was \$15,000 to be paid to Mr Greg Hall. The other members of the Board have adopted a policy decision made by the Board not to receive remuneration during the financial year ended 30<sup>th</sup> June 2019.

### **Voting and comments made at the company's 2018 Annual General Meeting ('AGM')**

At the 2018 AGM, adoption of the remuneration report for the year ended 30 June 2018 was approved by the shareholders.

### **Additional Benefits**

There are no additional benefits provided to Key Management Personnel as at the date of issue of this report.

## DIRECTORS' REPORT

### Key Management Personnel (KMP) Payments & Benefits

Your directors, company secretary and key management personnel received the following payments/benefits for services for the year ended 30 June 2019 as indicated below:

Senior Officers	Short-term benefits		Post-Employment Benefits		Long-term benefits (\$)	Share option benefits	Total
	Cash Salary and Fees	Bonuses	Super-annuation	Termination payments	Long service leave		
	\$	\$	\$	\$	\$	\$	\$
Anthony Harris (Company Secretary)							
2019	10,000	-	-	-	-	-	10,000
2018	-	-	-	-	-	-	-
Shelley Peters (Company Secretary)							
2019	18,000	-	-	-	-	-	18,000
2018	26,000	-	-	-	-	-	26,000
Andrew Rust (Exploration Manager)							
2019	3,560	-	-	-	-	-	3,560
2018	10,360	-	-	-	-	-	10,360
Total 2019	31,560	-	-	-	-	-	31,560
Total 2018	36,360	-	-	-	-	-	36,360

Non-Executive Directors and Directors	Short-term benefits		Post-Employment Benefits		Long-term benefits (\$)	Share option benefits	Total
	Cash Salary and Fees	Bonuses	Superannuation	Termination payments	Long service leave		
	\$	\$	\$	\$	\$	\$	\$
Gregory Clifton Hall (Non-Executive Director) <sup>1</sup>							
2019	15,000	-	-	-	-	-	15,000
2018	30,000	-	-	-	-	-	30,000
Mr Shouyin Wang (Chairperson)							
2019	-	-	-	-	-	-	-
2018	50,000	-	-	-	-	-	50,000
Mr Jiangang Zhao (Acting CEO & Director)							
2019	-	-	-	-	-	-	-
2018	30,000	-	-	-	-	-	30,000
Mr Yong Zhang (Non – Executive Director)							
2019	-	-	-	-	-	-	-
2018	30,000	-	-	-	-	-	30,000
Total 2019	15,000	-	-	-	-	-	15,000
Total 2018	140,000	-	-	-	-	-	140,000

## DIRECTORS' REPORT

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

	Year Ended 30-Jun-2019	Year Ended 30-Jun-2018
	\$	\$
Short-term employee benefits/Fees	46,560	176,360
Total KMP compensations	<u>46,560</u>	<u>176,360</u>

## DIRECTORS' REPORT

### Remuneration and Earnings additional information

The Board does not currently link KMP or director's remuneration to specific market-based goals or targets due to stage of development of the Company's projects or overall Company performance. However, to conserve cash the Company has reduced payments to Key Management Personnel (KMP) over the preceding five-year period. The Company has not awarded any short-term or long-term incentives to KMP as of the date of this report or over the preceding five-year period. The reduction of fixed remuneration payments made to KMP, instigated by the Board, is indicated in the table below:

### Key Management Payments & Benefits and Company Results

KMP	30-Jun-2019 \$	30-June-2018 \$	30-June2017 \$	30-Jun-2016 \$	30-Jun-2015 \$
Mr Chuanxi Ding Non-Executive Director and Chairperson	-	-	-	-	80,000
Mr Shouyin Wang Non-Executive Director and Chairperson	-	50,000	50,000	62,500	-
Mr Jiangang Zhao Executive Director and Acting CEO	-	30,000	57,000	74,333	86,000
Mr Yong Zhang Non-Executive Director	-	30,000	30,000	38,334	50,000
Gregory Clifton Hall Non-Executive Director	15,000	30,000	30,000	38,333	50,000
Mr John Higgins Exploration Manager	--	-	-	144,597	222,588
Mr Warrick Client Exploration Manager	-	-	26,983	18,840	-
Mr Andrew Rust Exploration Manager	3,560	10,360			
Mr Andrew Whitten Company Secretary	-	-	-	30,172	60,000
Ms Shelley Peters Company Secretary	18,000	26,000	26,500	9,655	-
Mr Anthony Harris Company Secretary	10,000	-	-	-	-
Total	46,560	176,360	220,483	511,765	548,588

## DIRECTORS' REPORT

### Additional Information

The earnings of the Company for the five years to 30 June 2019 are as follows

Earnings of the company	30-Jun-2019 \$	30-June-2018 \$	30-June2017 \$	30-Jun-2016 \$	30-Jun-2015 \$
Interest Income	36,572	44,012	81,209	108,851	178,329
EBITDA	(257,214)	(523,233)	(1,329,120)	(2,186,565)	(1,681,914)
EBIT	(257,214)	(523,233)	(1,329,120)	(2,186,565)	(1,681,914)
Loss after income tax	(261,510)	(528,593)	(1,336,688)	(2,206,987)	(1,704,286)

The factors that are considered to affect total shareholders return are as follows:

Factor	30-Jun-2019 \$	30-June-2018 \$	30-June2017 \$	30-Jun-2016 \$	30-Jun-2015 \$
Share Price at financial year end (cents)	0.8	1.4	1.3	2.1	1.5
Total Dividends Declared (cents)	-	-	-	-	-
Basic Earnings per share (cents)	(0.15)	(0.29)	(0.74)	(1.23)	(0.95)

### Key Management Personnel Interests as at 30 June 2019:

The number of ordinary shares held by each KMP of the Company at the end of the reporting period is as follows:

Name	Shares held		Balance at start of Year	Received as part of Remuneration	Additions	Disposals	Balance at end of Year
	Direct	Indirect					
Mr Shouyin Wang <sup>1</sup>	-	57,650,000	57,650,000	-	-	-	57,650,000
Mr Jiangang Zhao <sup>2</sup>	-	57,650,000	57,650,000	-	-	-	57,650,000
Mr Yong Zhang <sup>3</sup>	-	57,534,500	57,534,500	-	-	-	57,534,500
Gregory Clifton Hall <sup>4</sup>	10,000	10,000	20,000	-	-	-	20,000
Total	10,000	172,844,500	172,854,500	-	-	-	172,854,500

1. Mr Wang shares held as a nominee director appointed by Zhengyuan International Mining Company Ltd and has power to exercise or control the voting rights attached to the securities in Zeus (previously held by Mr Ding and transferred to Mr Wang upon his appointment on 30<sup>th</sup> July 2015).

2. Mr Jiangang Zhao as a nominee director appointed by Zhengyuan International Mining Company Ltd and has power to exercise or control the voting rights attached to the securities in Zeus.

3. Mr Zhang Yong is a director of and controls Vast Honour Global Limited, which holds a direct relevant interest in Zeus.

4. Mr Gregory Clifton Hall controls Omaroo Pty Ltd ATF Hall Family Trust that owns shares in Zeus.

## DIRECTORS' REPORT

### **Other transactions with key management personnel and their related parties:**

During the financial year, no payments (2018: \$60,000) were made to ZIMC in relation of fees appointed nominee directors, acting CEO and Chairperson. As at 30<sup>th</sup> June 2019 there was nil payable and due to ZIMC for the aforementioned fees (2018: \$40,000)

During the financial year, payments amounting to \$12,375 (2018: \$24,750) were made to Golden Phoenix International Unit Trust in relation to the director's fees of Mr Greg Hall. As at 30<sup>th</sup> June 2019 there was \$4,125 payable and due to Golden Phoenix International Unit Trust for the aforementioned fees (2018: \$16,500).

During the financial year, no payments (2018: \$22,500) were made to Heng Ji Pty Ltd in relation to director's fees of Mr Yong Zhang. As at 30<sup>th</sup> June 2019 there was nil was payable to Heng Ji Pty Ltd for the aforementioned fees (2018: \$7,500).

(This is the end of the audited remuneration report).

## DIRECTORS' REPORT

### Directors' meetings

The number of directors' meetings of Zeus Resources Limited (including by way of circular resolution) held during the year ended the 30<sup>th</sup> June 2019 and the numbers of meetings attended by each director are as follows:

Director	Directors' Meetings	
	Eligible to attend	Attended
Mr Gregory Clifton Hall	2	1
Mr Jiangang Zhao	2	2
Mr Yong Zhang	2	0
Mr Shouyin Wang	2	2
Mr YiCheng Zhang (as alternate to Mr Yong Zhang)	1	1
Mr Side Wang (as alternate to Mr Yong Zhang)	1	1

### Indemnity and insurance of officers

During the financial period the Company paid premiums to insure all directors and officers of the Company against claims brought against the individual while performing services for the Company and against expenses relating thereto, other than conduct involving a wilful breach of duty in relation to the Company.

The amount of insurance premium paid has not been disclosed as it would breach the confidentiality clause in the insurance policy.

### Indemnity and insurance of auditors

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

### Non-audit services

Our appointed auditors, William Buck, did not provide any non-audit services during the year ended 30<sup>th</sup> June 2019 (2018: Nil).

### Proceedings on behalf of The Company

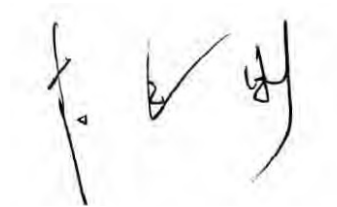
No person has applied to the Court for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of The Company for all or any of those proceedings. The Company was not a party to any such proceedings during the year.

## DIRECTORS' REPORT

### **Auditor independence declaration**

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30th June 2019 has been received and can be found on page 23 of this annual report.

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

A handwritten signature in black ink, consisting of stylized Chinese characters, likely representing Mr. Jiangang Zhao.

Mr. Jiangang Zhao  
Director and Acting CEO

Dated this 27<sup>th</sup> day of September 2019

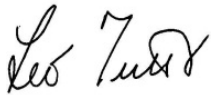
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF ZEUS RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

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



**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521



**L. E. Tutt**  
Partner  
Dated this 27<sup>th</sup> day of September, 2019

**ACCOUNTANTS & ADVISORS**

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
**williambuck.com**

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Year ended 30-Jun-19	Year ended 30-Jun-18
		\$	\$
<b>Interest Income</b>		36,572	44,012
<b>Less expenses:</b>			
<b>Corporate and administration costs</b>			
Accounting and audit fees		67,435	63,905
Company secretarial and compliance		29,224	25,201
Computers and communications		7,875	13,198
Directors' fees and expenses		35,787	190,640
Employee salaries and benefits		9,718	12,041
Insurance		19,421	14,855
Legal and consultants' fees		6,000	500
Rent and utilities		47,016	50,394
Share registry maintenance and listing fees		35,730	30,873
<b>Exploration and evaluation costs</b>			
Project expenditure (net of capitalised expenditure)		5,158	6,003
Impairment	5	-	121,884
<b>Business development</b>			
Travel and accommodation		28,615	25,150
<b>Other expenses from ordinary activities</b>			
Depreciation		4,296	5,360
Other expenses		1,807	12,601
<b>Total Expenses</b>		298,082	572,605
<b>Loss before income tax</b>		(261,510)	(528,593)
Income tax expense	2	-	-
<b>Loss for the year attributable to the Company</b>		(261,510)	(528,593)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the year attributable to the Company</b>		(261,510)	(528,593)
<b>Loss per share</b>			
Basic - per share		(0.0015)	(0.0029)
Diluted - per share		(0.0015)	(0.0029)

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

## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2019

	Notes	As at 30-Jun-19	As at 30-Jun-18
<b>CURRENT ASSETS</b>		\$	\$
Cash and cash equivalents	3	1,512,684	1,975,134
Other assets	4	11,878	14,392
<b>TOTAL CURRENT ASSETS</b>		1,524,562	1,989,526
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	5	757,487	608,171
Property, plant and equipment	6	16,145	17,878
<b>TOTAL NON-CURRENT ASSETS</b>		773,632	626,049
<b>TOTAL ASSETS</b>		2,298,194	2,615,575
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7, 8	64,675	120,546
<b>TOTAL CURRENT LIABILITIES</b>		64,675	120,546
<b>TOTAL LIABILITIES</b>		64,675	120,546
<b>NET ASSETS</b>		2,233,519	2,495,029
<b>EQUITY</b>			
Contributed equity	9	17,398,334	17,398,334
Accumulated losses	10	(15,164,815)	(14,903,305)
<b>TOTAL EQUITY</b>		2,233,519	2,495,029

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Contributed Equity	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1 July 2017</b>	17,398,334	(14,374,712)	3,023,622
Comprehensive loss for the year	-	(528,593)	(528,593)
<b>Balance at 30 June 2018</b>	<u>17,398,334</u>	<u>(14,903,305)</u>	<u>2,495,029</u>
<b>Balance at 1 July 2018</b>	17,398,334	(14,903,305)	2,495,029
Comprehensive loss for the year	-	(261,510)	(261,510)
<b>Balance at 30 June 2019</b>	<u>17,398,334</u>	<u>(15,164,815)</u>	<u>2,233,519</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Year ended 30-Jun-2019	Year ended 30-Jun-2018
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(339,760)	(454,563)
Payments for taxes		(2,224)	182
Interest received		36,572	48,097
Net cash used in Operating Activities	11	(305,412)	(406,284)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation	5	(154,475)	(159,919)
Payments for plant and equipment	6	(2,563)	-
Net cash used in Investing Activities		(157,038)	(159,919)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from share issues		-	-
Net cash provided by financing activities		-	-
Net decrease in cash and cash equivalents held		(462,450)	(566,203)
Cash at beginning of financial year		1,975,134	2,541,337
<b>Cash and Cash Equivalents at end of financial year</b>	11	<u>1,512,684</u>	<u>1,975,134</u>

The above statement of cash flow should be read in conjunction with the accompanying notes.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been approved by the board on the date of signing.

The principal activity of the Company during the year was the exploration for uranium and other base metals. The Company operates as a for profit entity.

**A. Basis of accounting**

This general-purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Interpretations issued by the Accounting Standards board.

*(i) Compliance with IFRS:*

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

*(ii) Historical Cost Convention:*

These financial reports are prepared under the historical cost convention.

*(iii) Critical Accounting Estimates:*

The presentation of financial statements requires the use certain critical accounting estimates. The Company also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements is disclosed later. See part G.

*(iv) Foreign currency transactions and balances:*

Items included in the financial statements are measured using Australian Dollars (functional currency of Zeus Resources Ltd).

**Changes in Accounting Policies**

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current year. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies including:

- *AASB 9 Financial Instruments*

AASB 9 Financial Instruments introduces new classification and measurement models for financial assets and applicable to annual reporting periods beginning on or after 1 Jan 2018.

The Company has assessed that there is no material impact from the adoption of AASB 9 due to the nature of the financial assets held by the Company.

- *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The Company does not currently have any contracts with customers in place.

The Company does not consider there to be any material impact from the adoption of AASB 15 Revenue from Contracts with Customers.

**B. Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted at the end of the reporting period.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**C. Financial instruments***Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

*Payables*

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally settled between 7 days and 90 days terms.

**D. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount. If the effect of time value of money is material, provisions are discounted at a rate that reflects the risks specific to the liability.

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

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

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

**F. Exploration and evaluation expenditure policy**

Exploration and evaluation expenditure comprise of costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- construction of access roads where necessary for exploration drilling;
- examining and testing extraction and treatment methods; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation expenditure also include the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Capitalisation of exploration expenditure commences when there is a reasonable level of confidence in the project's viability and hence it is probable that future economic benefits will flow to the Company. Capitalised exploration expenditure is reviewed for impairment at the end of the reporting period. Subsequent recovery of the resulting carrying value depends on successful development of the area of interest or sale of the project. If a project does not prove viable, all unrecoverable costs associated with the project and the related impairment provisions are written off.

Undeveloped properties are mineral concessions where the intention is to develop and go into production in due course. The carrying values of assets are reviewed annually by management and the results of these reviews are reported to the Board and is assessed based on a status report regarding Zeus Resources intentions for development of the undeveloped property. Reviews are performed using the fair value less cost to sell method.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, income and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Recovery of deferred tax assets*

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

*Exploration and evaluation costs*

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

**H. Income Recognition****(i) Interest earned**

Income from interest earned on investments is recognised on a time proportion using the effective interest rate method.

(ii) Net gains on disposal of assets, which is recognised as at the date the control of the asset passes from the company.

**I. Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the equity division of the statement of financial position as a deduction net of any tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration and are expensed as incurred.

**J. Property, plant and equipment****(i) Acquisition**

Items of property, plant and equipment are recorded at historical cost and, are depreciated as outlined below. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred.

**(ii) Depreciation and amortisation**

The following indicates the depreciation method for plant and equipment on which the depreciation charges are based:

- straight-line basis over their useful operating life
- Plant and equipment other than computers – five years
- Plant and equipment - computers – three years
- Furniture & fittings – ten years
- Leasehold Improvements – term of lease.

**(iii) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. Lease improvements are amortised over the shorter of the lease term and useful life of the asset.

**K. Earnings per share****(i) Basic earnings per share**

Basic earnings per share is determined by dividing net loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(ii) Diluted earnings per share**

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

**L. Impairment of Non-Financial Assets**

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in uses, is compared to the asset's carrying value. 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 risk specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit and loss and other comprehensive income. Impairment testing is performed annually for goodwill and other intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**M. Employee Benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date, when it arises, will be recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees.

**N. Farm-out arrangements**

The Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received from a farmee is credited directly against previously capitalised purchase values in relation to the whole interest previously and with any excess account for by the farmor as a gain on disposal.

**O. Accounting Standards and Interpretations for application in future periods**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

— *AASB 16 Leases (applicable for annual reporting periods commencing on or after 1 January 2019)*

AASB 16 introduces a single lessee accounting model that requires all leases to be accounted for on balance sheet. A lessee will be required to recognise an asset representing the right to use the

Underlying asset during the lease term (ie right-of-use asset) and a liability to make lease payments (ie lease liability). Two exemptions are available for leases with a term less than 12 months or if the underlying asset is of low value.

The lessor accounting requirements are substantially the same as in AASB 117. Lessors will therefore continue to classify leases as either operating or finance leases.

AASB 16 will replace AASB 117 *Leases*, Interpretation 4 *Determining Whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and interpretation 127 *Evaluating the substance of Transactions Involving the Legal Form of a Lease*.

This standard is applicable to annual reporting periods beginning on or after 1 January 2019 and as such the Company will adopt this standard from 1 July 2019. The Company has assessed that there is no material impact due to the short-term nature of the property lease and the office equipment being of low value

NOTE 2: INCOME TAX EXPENSE	30-Jun-19	30-Jun-18
	\$	\$
(a) Income Tax Benefit/(Expense)		
Current Income Tax	-	-
Current Income tax benefit/(expense)	-	-
(b) Deferred income tax		
Deferred tax assets not brought to account (gross)	(4,625,547)	(4,481,766)
Tax losses	(69,726)	(143,781)
Temporary differences	-	-
Total deferred tax assets not brought to account	(4,695,273)	(4,625,547)
(c) Amounts Charged or Credited Directly to Equity		
Share Issue Costs	-	-
Share based payments expense		
Total deferred tax assets Charged or Credited Directly to Equity	-	-
(d) Numerical Reconciliation of Income Tax Benefit to Prima Facie		
Tax Payable		
Loss Before Income Tax	(261,510)	(528,593)
Prima facie income tax credit on loss at 27.5%	(69,726)	(143,781)
Tax effect of:		
- Non-allowable expenditure for tax purposes	1,181	4,448
- Provisions and prepayments brought to account	1,008	(2,866)
Current year tax losses not brought to account	(69,726)	(143,781)

The tax losses and deferred tax assets do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Company can utilise the benefits. The benefit of these tax losses will only be obtained if:

- The company continues to comply with the conditions for deductibility imposed by tax legislation; and
- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.
- No changes in tax legislation adversely affects the Company realising the benefit from the deductions for the losses.

NOTE 3: CASH AND CASH EQUIVALENTS	30-Jun-2019	30-Jun-2018
	\$	\$
Cash Transaction Account	45,322	47,667
Cash Management Account	50,326	105,030
Term deposits 30-180 days	1,416,476	1,821,877
Cash on hand	560	560
Total	1,512,684	1,975,134

See also Note 11: Cash Flow

NOTE 4: OTHER ASSETS	30-Jun-2019	30-Jun-2018
	\$	\$
<b>Current</b>		
Bond paid for lease	8,970	8,970
Interest receivable	2,908	3,407
GST receivable	-	2,015
<b>Total Other assets</b>	11,878	14,392

NOTE 5: EXPLORATION AND EVALUATION ASSETS – NON-CURRENT	30-Jun-2019	30-Jun-2018
	\$	\$
<b>Area of Interest:</b>		
Wiluna (Lakes Way)		
Opening Balance	349,168	280,865
Capitalised Costs	132,597	96,909
Impairment	-	(28,606)
Closing Balance	481,765	349,168
Gascoyne (Red Rock and Mortimer Hills)		
Opening Balance	161,573	147,586
Capitalised Costs	11,368	13,987
Impairment	-	-
Closing Balance	172,941	161,573
Narnoo (North and South)		
Opening Balance	97,430	147,688
Capitalised Costs	5,351	43,020
Impairment	-	(93,278)
Closing Balance	102,781	97,430
Total Exploration and Evaluation Assets	757,487	608,171

**NOTE 5: EXPLORATION AND EVALUATION ASSETS –  
NON-CURRENT (continued)***Valuation*

The value of the Company interest in exploration expenditure is dependent upon:

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

The Company's exploration properties may be subjected to claim(s) under Native Title (or jurisdictional equivalent) or contain sacred sites, or sites of significance to the indigenous people of Australia.

As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims

*Impairment Losses*

No impairment losses were recognised for the year against tenements that the Company holds (2018: \$121,884). The list of tenements in which the Company has an interest is disclosed on page 52.

NOTE 6: PLANT, EQUIPMENT, FURNITURE & FITTINGS			30-Jun-2019	30-Jun-2018
			\$	\$
<b>Plant &amp; Equipment – at cost</b>			55,100	54,627
Accumulated depreciation			(44,068)	(43,505)
Total Plant and Equipment			11,032	11,122
<b>Movements during the year:</b>				
Opening Balance			54,627	73,537
Additions during the year			2,563	-
Disposals during the year			(2,090)	(18,910)
Closing Balance			55,100	54,627
<b>Depreciation</b>				
Opening balance			(43,505)	(58,765)
Charge during the year			(2,654)	15,260
Charge Back during the year			2,090	-
Closing depreciation			(44,069)	(43,505)
<b>Net book value</b>			11,031	11,122
<b>Furniture &amp; Fittings – at cost</b>			15,821	15,821
Accumulated depreciation			(10,707)	(9,065)
Total Furniture and Fittings			5,114	6,756
<b>Movements during the year:</b>				
Opening Balance			15,821	34,307
Disposals during the year			-	(18,484)
Closing Balance			15,821	15,821
<b>Depreciation</b>				
Opening balance			(9,065)	(15,979)
Charge during the year			(1,642)	6,914
Closing depreciation			(10,707)	(9,065)
<b>Net Book Value</b>			5,114	6,756
<b>Leasehold improvements</b>			-	-
Accumulated depreciation			-	-
Total Leasehold improvements			-	-
<b>Movements during the year:</b>				
Opening Balance			-	4,300
Disposals during the year			-	(4,300)
Closing Balance			-	-
<b>Depreciation</b>				
Opening balance			-	(3,366)
Disposals during the year			-	3,366
Closing depreciation			-	-
<b>Net Book Value</b>			-	-
<b>Total Net Book Value</b>			16,145	17,878

NOTE 7: TRADE AND OTHER PAYABLES	30-Jun-2019	30-Jun-2018
	\$	\$
Trade creditors	27,679	85,782
Other payables		
- Audit expenses	18,000	18,500
- Salaries, employee benefits and PAYG payable	791	2,224
- Annual leave accruals	18,205	14,040
Total trade and other payables	<u>64,675</u>	<u>120,546</u>

NOTE 8: PROVISIONS	30-Jun-2019	30-Jun-2018
	\$	\$
Make good provision for Sydney offices	-	-
Total Provisions	<u>-</u>	<u>-</u>
<b>Movements during the year:</b>		
Opening Balance	-	54,187
Additions during the year	-	-
Reversals during the year	-	(54,187)
Closing Balance	<u>-</u>	<u>-</u>

## NOTE 9: CONTRIBUTED EQUITY

**2019**

	Number on Issue
<b>(a) Ordinary Shares Number</b>	
Balance at the beginning of the year	180,150,000
Shares issued during the year	-
Balance at the end of the financial year	<u>180,150,000</u>
<b>(b) Ordinary Shares Value</b>	<b>Value (\$)</b>
Balance at the beginning of the year	17,398,334
Shares issued during the year	-
Balance at the end of the financial year	<u>17,398,334</u>

**2018**

	Number on Issue
<b>(a) Ordinary Shares Number</b>	
Balance at the beginning of the year	180,150,000
Shares issued during the year	-
Balance at the end of the financial year	<u>180,150,000</u>
<b>(b) Ordinary Shares Value</b>	<b>Value (\$)</b>
Balance at the beginning of the year	17,398,334
Shares issued during the year	-
Balance at the end of the financial year	<u>17,398,334</u>

Ordinary Shares entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

Ordinary shares have no par value and the Company does not have a limited amount of authorized Capital.

NOTE 10: ACCUMULATED LOSSES	30-Jun-2019	30-Jun-2018
	\$	\$
Accumulated losses at the beginning of the financial year	(14,903,305)	(14,374,712)
Net loss attributable to members of the entity	<u>(261,510)</u>	<u>(528,593)</u>
Accumulated losses at the end of the financial year	(15,164,815)	(14,903,305)

NOTE 11: STATEMENT OF CASH FLOW INFORMATION	30-Jun-2019	30-Jun-2018
	\$	\$
Cash at bank	95,648	152,697
Term deposit	1,416,476	1,821,877
Cash	<u>560</u>	<u>560</u>
Total	1,512,684	1,975,134
Loss from ordinary activities after income tax	(261,510)	(528,593)
Add: Adjustment for non-cash items		
- depreciation	4,296	5,360
- leave entitlement accrual	4,166	10,423
- investment expenses and provisions	4,658	(47,611)
- impairment and losses on disposed assets	<u>-</u>	<u>132,080</u>
	13,120	100,252
Add: Changes in working capital		
(Increase)/decrease in trade and other receivables	2,514	12,017
(Increase)/decrease in other assets	-	(8,970)
(Decrease) /Increase in trade payables	(58,104)	35,328
(Decrease) /Increase in other liabilities	(2,224)	(13,000)
(Decrease) /Increase in other payables	<u>792</u>	<u>(3,319)</u>
	(57,022)	22,057
Cash outflow from operations	(305,412)	(406,284)

NOTE 12: AUDITORS REMUNERATION	30-Jun-2019	30-Jun-2018
	\$	\$
Auditing or reviewing the financial reports by William Buck NSW	<u>25,250</u>	<u>25,250</u>
Total Auditors Remuneration	25,250	25,250

NOTE 13: SEGMENT INFORMATION
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The Company's operations are in one reportable business segment being the exploration of uranium and minerals. The Company operates in one geographical segment being Australia.

## NOTE 14: RELATED PARTY TRANSACTIONS

30-Jun-2019

30-Jun-2018

**Key Management Personnel**

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the year ended 30 June 2019. The totals of remuneration paid to the KMP of the company during the year are as follows:

	\$	\$
Short-term employee benefits/Fees	46,560	176,360
Total KMP compensations	46,560	176,360

**Other transactions with related parties**

There were no other transactions with related parties in the current year ended 30<sup>th</sup> June 2019 or the previous financial year end 30<sup>th</sup> June 2018.

NOTE 15: COMMITMENTS AND CONTINGENCIES	30-Jun-2019	30-Jun-2018
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\$

\$

**a) Commitments**

The Company is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed-out or may be relinquished and have not been provided for in the statement of financial position. A summary of aggregate commitments is as follows:

***Exploration Projects in Western Australia***

Within 1 year <sup>1</sup>	334,755	246,000
More than 1 year but not later than five years <sup>1</sup>	2,049,171	1,859,000
More than five years	-	-
Total	2,383,926	2,105,000

***Sydney Office Lease***

Not later than one year <sup>2,3</sup>	25,757	37,916
Later than one year but not later than five years	-	25,757
More than five years	-	-
Total	25,757	63,673

**Total commitments**

2,409,673	2,168,673
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<sup>1</sup> Based on current commitment requirements set by Department Mining and Petroleum and blocks licenced.

<sup>2</sup> Lease assignment between Heng Ji Investments Pty Ltd, Zeus Resources and CBRE Pty Ltd executed as at 1 September 2013 (expired 11 Sept 2017)

<sup>3</sup> Lease between Zeus Resources and LJ Hooker Ltd executed 15 August 2018. Lease is for a period of 2.5 years with a maximum commitment of \$84,800 in total. Expires 28 Feb 2020. No further lease contract had been signed or negotiated at date of this report.

**b) Contingent assets and liabilities*****Contingent liabilities***

There are no contingent liabilities as at end of reporting period 30<sup>th</sup> June 2019 (2018: Nil).

***Contingent assets***

There are no contingent assets as at end of reporting period 30<sup>th</sup> June 2019 (2018: Nil).

# NOTE 16: FINANCIAL RISK MANAGEMENT

The below table summarises interest rate receivable or payable for the Company:

	Effective Interest Rate	Floating interest rate amount	Non-Interest Bearing	Total
<b>2019</b>		\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2.0%	1,512,124	560	1,512,684
<b>Financial liabilities</b>				
Trade and other payables	0.0%	-	(64,675)	(64,675)
<b>2018</b>		\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2.0%	1,974,574	560	1,975,134
<b>Financial liabilities</b>				
Trade and other payables	0.0%	-	(120,546)	(120,546)

## a) Credit risk

The Company has no significant concentrations of credit risk with debtors as the Company has not issued any sales for services or products during the period ending 30<sup>th</sup> June 2019, hence the Company does not insure any outstanding debts.

## (b) Interest rate risk

Potential impact on post-tax loss:

	30-Jun-2019	30-Jun-2018
	\$	\$
Effective Interest rate -1%	(15,121)	(19,746)
Effective Interest rate +1%	15,121	19,746

The Company places surplus cash with the bank in term deposit of up 180 days. This rate can vary from rollover period to rollover period. Exposure to variances in interest rates is not controlled by the Company and returns are subject to current interest rates on offer by the banks at the time of rollover of the term deposit(s).

## (c) Liquidity risk

The Company's principal financial assets are cash and short-term deposits. The Company has taken steps to reduce risk of significant exposure to its cash holdings. Excess cash funds have been invested in low risk Term Deposits with Bank of China (Australia) Ltd (account located in Australia and funds in Australian dollars). The Company at the end of the financial year held 2 Term Deposits with Bank of China for a total of \$1,416,476. These funds are accessible without penalty with 30 days notice.

The Company's principal financial liabilities comprise of accounts payable. The maximum risk for the period ending 30<sup>th</sup> June 2019 extended to Trade payables and superannuation amounting to \$46,468 due to be paid within the next 90 days at a maximum. The Company has sufficient funds to meet this requirement.

## NOTE 16: FINANCIAL RISK MANAGEMENT continued

**(d) Management of Capital**

The Company's main objective when managing capital is to safeguard the Company's ability to continue as a going concern with the ultimate goal of providing returns for shareholders. The Company's capital consists of issued ordinary shares. During the financial year the Company reversed the Share Options reserve in full due to the expiration of all Options that were previously on issue.

The Company currently has no loans or other borrowings that forms part of the capital structure and therefore is not exposed to any financial covenants.

No changes are expected to be made to the capital structure in the near future, however it would be expected that further development of tenements, future acquisitions or cash requirements to fund operations will be funded by future capital raisings.

**(e) Fair values**

The financial assets and liabilities of the Company are recognised in the statement of financial position at their carrying amount, which is a reasonable approximation of fair value in accordance with the accounting policies in note 1.

**(f) Risk Exposures and responses**

The Company manages its exposure to financial risks in accordance with its management policies. The Policy aims to protect the financial assets of the Company by ensuring that control of funds is not compromised. Senior management is responsible for reducing risk-taking activities by introducing and maintaining policies and risk management.

The Company seeks to have minimum exposure to market forces by maintaining low risk investment strategies of cash reserves. The Company currently has no foreign exchange exposure and does not foresee having any in the new future and therefore does not have a policy currently to address foreign exchange risk.

## NOTE 17: FARM-OUT ARRANGEMENTS

*Farm-out arrangement*

The Company, (farmor) entered into an agreement with Arrow Minerals Ltd (formerly Segue Resources Ltd -farmee), in April 2016. The tenement in the agreement is known as E09/1618 – Mortimer Hills. Under the agreement associated costs of exploration activities to meet with minimum commitment criterion set by the Department of Mining and Petroleum (WA) will be met in return for 35% to 50% interest in the tenement, dependent on the terms of the agreement being achieved. Arrow Minerals Ltd ("Arrow") have been appointed manager of the project.

The key terms of the Mortimer Hills arrangement are:

- Arrow can earn a 35% participating interest in the tenement through the expenditure of \$125,000 within 12 months (Stage 1 Farm-in);
- Following completion of the Stage 1 Farm-in, Arrow can earn an additional 15% interest in the tenement (taking Arrow's interest to 50%) through the expenditure of \$125,000 within 12 months (Stage 2 Farm-in);
- Following completion of the Stage 2 Farm-in, standard terms apply, including contributions in proportion to equity holdings, dilution and pre-emptive rights; and

If either Zeus or Arrows' participating interest dilutes to less than 10% then that party's interest will convert to a 1% NSR royalty.

The farm-in interest at the end of the financial year was 35% to Arrow and therefore financial statements of Zeus Resources Ltd reflect 65% ownership of the tenement. The financial statements do not reflect the expenditure of the tenement by Arrow. As at 30<sup>th</sup> June 2019, Arrow Minerals Ltd achieved the required expenditure and will be granted a further 15% holding. The transfer of the further 15% holding to Arrow will be made in the financial year ended 2020 and the financial statements of Zeus Resources will reflect the reduction in the percentage of title held by Zeus Resources to 50%.

NOTE 18: EARNINGS PER SHARE		
	30-Jun-2019	30-Jun-2018
	\$	\$
Total comprehensive (loss) for the year	(261,560)	(528,593)
Number of shares on issue	180,150,000	180,150,000
<b>Earnings per share</b>		
Basic – per share	(0.0015)	(0.0029)
Diluted – per share	(0.0015)	(0.0029)

## NOTE 19: EVENTS AFTER THE END OF THE REPORTING PERIOD

E09/1681 tenement Farm-In agreement. As per the terms of the contract between the Company and Arrow Minerals Ltd ("Arrow"), Arrow was eligible to receive the 15% Stage 2 title entitlement at the expenditure requirement of \$125,000 as met. However, as at report date the 15% title entitlement had not been transferred to Arrow.

E28/2097 tenement minimum expenditure commitment. During the financial year ended 30<sup>th</sup> of June 2019, the Company as required to meet expenditure requirements set by the Department of Minerals and Petroleum, WA, of \$70,000.00. The Company did not reach this level of expenditure as at the anniversary date of the tenement, 5 May 2019, hence the Company lodged an exemption request. The outcome of the exemption request is not known as of the date of this Annual Report. The possible outcomes are approval of the exemption or a penalty notice or a Forfeiture Notice being issued by the Department. The value of the penalty notice or impairment value, if forfeiture imposed, will be recognised in the financial year ended 30<sup>th</sup> June 2020.

The Company received a Notice of Claim lodged in the Local Court of NSW on 11<sup>th</sup> July 2019, from a former supplier demanding payment of \$50,281.31. The Company engaged the services of King Wood & Mallesons, Solicitors, to dispute the claim. The former supplier withdrew its claim on 21<sup>st</sup> August 2019 and a discontinuance notice was received by the Company. The amount of \$2,750.00 in costs, to dispute the claim, were incurred by the Company.

The Chairperson, Mr Shouyin Wang resigned on 25<sup>th</sup> September 2019 and Mr Dongfeng Zhang was subsequently appointed to the position by the Board.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in the report or in the financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## NOTE 20: COMPANY DETAILS

The registered office of the Company is:

Level 10, 171 Clarence Street  
Sydney NSW 2000

The principal place of business of the Company is:

Level 1, Suite 105  
25-27 Berry Street  
North Sydney NSW 2060

In the Directors Opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

A handwritten signature in black ink, consisting of stylized characters, likely representing the name Jiangang Zhao.

Mr. Jiangang Zhao  
Acting CEO and Director

Dated this 27<sup>th</sup> Day of September 2019

## Zeus Resources Limited

### Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Zeus Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

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

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

#### ACCOUNTANTS & ADVISORS

Sydney Office  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

Parramatta Office  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
[williambuck.com](http://williambuck.com)

## Key Audit Matters

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

CARRYING VALUE OF EXPLORATION AND EVALUATION ASSETS	
Area of focus	How our audit addressed it
<p>The Company has incurred exploration and evaluation costs under its Uranium tenements in Western Australia over a number of years. During the 2019 financial year, the Company has continued to capitalise exploration and evaluation expenditure in relation to the current tenements it holds.</p> <p>There is a risk that accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate to the remaining tenements and that capitalised costs exceed the fair value less selling cost.</p> <p>An impairment review is only required if an impairment trigger is identified. Due to the nature of the Uranium industry, indicators of impairment could include:</p> <ul style="list-style-type: none"> <li>— Significant decrease seen in global Uranium prices;</li> <li>— Changes to exploration plans;</li> <li>— Loss of rights to tenements;</li> <li>— Changes in rights to tenements;</li> <li>— Changes to reserve estimates;</li> <li>— Costs of extraction and production; and</li> <li>— Changing market forces in relation to Uranium as a resource.</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation of whether there are any indicators of impairment to capitalised costs; and</li> <li>— Challenging and testing the inputs into the impairment calculations, including tenement surrender rates and capitalised expenditures on tenements; and</li> <li>— Assessing the costs capitalized in the year to test if they meet the requirements for capitalisation in accordance with Australian Accounting Standards; and</li> <li>— A review of the integrity of the tenement title status and total commitment value through the Department of Mines and Petroleum of the Government of Western Australia.</li> </ul> <p>We assessed the adequacy of the Company's disclosures in respect of the carrying value of exploration and evaluation assets.</p>

GOING CONCERN	
Area of focus	How our audit addressed it
<p>The Company has been trading over a number of years and is still investing heavily in exploration.</p> <p>The Company is heavily reliant on raising capital and its cash held at year end to fund their exploration activities.</p> <p>The directors have determined there is sufficient cash resources in place to allow the Company to pay their debts as and when they fall due from 12 months from the date of the financial statements.</p>	<p>The appropriateness of the going concern assumption included an evaluation of the directors assessment in relation to:</p> <ul style="list-style-type: none"> <li>— Cash flow requirements of the Company for at least twelve months from the date of signing this report;</li> <li>— Forecast expenditure committed and what could be considered discretionary;</li> <li>— Potential downside/upside scenarios and the resultant impact on available funding;</li> <li>— The significant uncertainty surrounding Going Concern.</li> </ul> <p>From the procedures performed above the going concern assumption is deemed to be appropriate.</p>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

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

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

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

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

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf)

This description forms part of our independent auditor's report.

## **Report on the Remuneration Report**

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

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 30 June 2019.

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

## Responsibilities

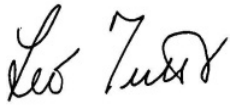
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian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



**William Buck**

Accountants & Advisors

ABN: 16 021 300 521



**L. E. Tutt**

Partner

Dated this 27<sup>th</sup> day of September, 2019

Project	Sub Project	Licence Number	State	Area (blocks)	Licence Expires	Comments
<b>Lake Way</b>	Kukububba Palaeochannel	E 53/1601	WA	<b>22</b>	14 Feb 23	
		E 53/1603	WA	<b>8</b>	14 Feb 23	
		E 53/1604	WA	<b>28</b>	14 Feb 23	
<b>Narnoo</b>	Narnoo South	E 28/2097	WA	<b>7</b>	08 May 21	
<b>Mortimer Hills</b>	Gascoyne	E 09/1618	WA	<b>37</b>	15 May 21	Farm-out with Arrow Minerals Ltd.
		E 09/2147	WA	<b>15</b>	09 Sep 22	

# CORPORATE GOVERNANCE STATEMENT

## Annexure B

### ASX Corporate Governance Council Principles and Recommendations

#### Verification Worksheet

Name of entity	Financial year ended
ZEUS RESOURCES LIMITED	30 JUNE 2019

Recommendation		The entity complied for the full period			
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT					
1.1	The Company has established and disclosed the functions reserved to the board and those delegated to senior executives.	Yes		No	
		<input checked="" type="checkbox"/>		<input type="checkbox"/>	
1.2	The Company undertakes appropriate checks before appointing a person for election as a director and provides securityholders with all material information relevant to a decision on electing a director.	Yes		No	
		<input checked="" type="checkbox"/>		<input type="checkbox"/>	
1.3	The Company has a written agreement with each director and senior executive setting out the terms of their appointment.	Yes		No	
		<input checked="" type="checkbox"/>		<input type="checkbox"/>	
1.4	The Company secretary of the listed Company is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes		No	
		<input checked="" type="checkbox"/>		<input type="checkbox"/>	
1.5	A listed entity should: a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;  b) disclose that policy or a summary of it; and  disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them.	Yes		No	
		<input type="checkbox"/>		<input checked="" type="checkbox"/>	
1.6	The Company should:	Yes		No	
		<input checked="" type="checkbox"/>		<input type="checkbox"/>	

## CORPORATE GOVERNANCE STATEMENT

	<p>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		
1.7	The Company should:	Yes	No
	<p>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	2.1 The board should establish a nomination committee which:	Yes	No
	<ul style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director</li> </ul> <p>and disclose</p> <ul style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>the number of times the committee meet throughout the reporting period.</li> </ul> <p>If a listed entity does not have a nomination committee, it should disclose the fact and processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.2	A listed entity should disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve its membership.	Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.3	The Company has disclosed the names of the directors considered to be independent, interests, positions and associations that might cause doubts as to the	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>

## CORPORATE GOVERNANCE STATEMENT

	independence of a director and the length of service of each director.		
2.4	The majority of the board are independent Directors.	Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.5	The chair is an independent director and is not exercising the role of chief executive officer.	Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.6	The Company has a program for inducting new directors.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of the code.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board has established an audit committee which is structured so that it: <ul style="list-style-type: none"> <li>• has at least three members;</li> <li>• consists only of non-executive directors, a majority of whom are independent directors;</li> <li>• is chaired by an independent director who is not the Chairman</li> </ul> And has disclosed: <ul style="list-style-type: none"> <li>• the charter of the committee;</li> <li>• the qualifications of the committee;</li> <li>• the number of times the committee meets throughout the reporting period</li> </ul> If no committee satisfying the above exists, it should disclose that fact and the processes it uses to safeguard the integrity of its reporting.	Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
4.2	The Board has received from its CEO and CFO a declaration that in their opinion, the financial records have been properly maintained and comply with proper standards.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.3	An AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1		Yes	No

## CORPORATE GOVERNANCE STATEMENT

	The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclosed those policies or a summary of those policies.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	The listed Company has provided information about itself and its governance to investors via a website.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
6.2	The listed Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
6.3	The Company has designed a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and has disclosed their policy or a summary of that policy.	Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
6.4	The listed Company has provided the security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	The board has established a risk committee, structured so that it: <ul style="list-style-type: none"> <li>has at least three members</li> <li>consists only of non-executive directors, a majority of whom are independent directors;</li> <li>is chaired by an independent director who is not the Chairman.</li> </ul> And has disclosed: <ul style="list-style-type: none"> <li>the charter of the committee;</li> <li>members of the committee;</li> <li>the number of times the committee meet throughout the reporting period.</li> </ul> If no committee satisfying the above exists, it should disclose the fact and the processes it uses to safeguard the integrity of its reporting.	Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
7.2	The board has reviewed the Company's risk management framework at least annually and disclose whether such review has taken place.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.3	A listed entity should disclose if they have an internal audit function, how the function is structured and what role it performs. If the Company does not have an	Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>

## CORPORATE GOVERNANCE STATEMENT

	internal audit function, the Company should disclose the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.		
7.4	The Company has disclosed whether they have any material exposure to economic, environmental and social sustainability risks and, if they do, how they manage or intend to manage those risks.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	The Board has established a remuneration committee, structured so that it: <ul style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director who is not the Chairman</li> </ul> And should disclose: <ul style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee;</li> <li>the number of times the committee meet throughout the reporting period.</li> </ul> If no committee satisfying the above exists, it should disclose that fact and the processes it uses to safeguard the integrity of its reporting.	Yes	No
		<input type="checkbox"/>	<input checked="" type="checkbox"/>
8.2	The Company has disclosed their policies and practices regarding the remuneration of executive directors and other senior executives.	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>
8.3	Companies which have an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>have a policy on whether participants are permitted to enter into transactions (whether use the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>disclose that policy or summary of it.</li> </ul>	Yes	No
		<input checked="" type="checkbox"/>	<input type="checkbox"/>

The role and responsibilities of the Board of Directors is for the overall Corporate Governance of the Company and oversight of management, protecting the rights and interests of the shareholders, by adopting systems of control and managed risk as the basis for the administration.

The Board is committed to maintaining high standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors support the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (Council). Whilst the Company's practices are partly consistent with the Council's guidelines, the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole. When Zeus is not able to implement one of the Council's recommendations the Company applies the "if not, why not" explanation approach by applying practices in accordance with the spirit of the relevant principle.

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

Details of all of the Council's recommendations can be found on the ASX website at **<http://www.asx.com.au>**

# CORPORATE GOVERNANCE STATEMENT

## ***Principle 1 – Lay solid foundations for management and oversight***

The Company has adopted Recommendation 1.1 to disclose the functions reserved to the Board and those delegated to senior executives. This has been disclosed on the Company's website.

## **BOARD OF DIRECTORS – ROLE AND RESPONSIBILITIES**

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance and management oversight of the Company and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole.

The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is not available from within their members, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following:

- formulation and approval of the strategic direction, objectives and goals of the Company; the prudential control of the Company's finances and operations and the monitoring of the financial performance of the Company;
- the resourcing, reviewing and monitoring of executive management; ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed; the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- the establishment and maintenance of appropriate ethical standards.

## **ACCOUNTABILITY**

The Company has complied with Recommendation 1.2 by undertaking background checks with regard to each director's character, experience and education prior to their nomination for election. Any material adverse information revealed by these checks is released to securityholders prior to the General Meeting at which they are able to be elected. When an individual is nominated to be a director, their curriculum vitae and their relevant professional history and qualifications is circulated to the securityholders of the Company.

The Company has complied with Recommendation 1.3 by giving its Directors letters of appointment and/or service agreements.

The Company has complied with Recommendation 1.4 by making the Company Secretary directly accountable to the Board on all matters to do with the proper functioning of the Board.

## **DIVERSITY**

The Company does not comply with Recommendation 1.5. The Company has not found it necessary to establish a diversity policy or annually report on measurable objectives with respect to achieving gender diversity. The nature of the policy for a Company of this size is inappropriate. As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider adopting a policy.

# CORPORATE GOVERNANCE STATEMENT

## **PERFORMANCE OF THE BOARD**

The Company does not comply with recommendation 1.6. The Company has not found it necessary to disclose the process for evaluating the performance of the Board and the Company's Directors individually.

However, it is the policy of the Board to ensure that the Directors of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and committees, there is on-going monitoring by the Chairman and the members of the Board.

The Chairman also speaks to Directors individually regarding their role as a Director.

## **ACCESS TO INFORMATION**

Each Director has access to Board papers and all relevant documentation.

## **PERFORMANCE OF SENIOR EXECUTIVES**

The Chief Executive Officer's key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board at the annual anniversary of the appointment of the CEO.

The Company has adopted Recommendation 1.7 of evaluating the performance of senior executives in accordance with the process described above with the appointment of the CEO.

The Board did not conduct a performance evaluation for the Chief Executive Officer in the financial year. The current Chief Executive Officer is an Acting Chief Executive Officer.

# CORPORATE GOVERNANCE STATEMENT

## ***Principle 2 – Structure the Board to add value***

### **BOARD OF DIRECTORS - COMPOSITION, STRUCTURE AND PROCESS**

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

### **BOARD NOMINATIONS**

The Board has not followed Recommendation 2.1(a) as it has established a Remuneration and Nomination Committee Charter. The Board has not implemented a Remuneration and Nomination Committee due to the Company's small size and nature. However, the members of the Board communicated with each other on regular basis to address any issues which arose in this regard.

In compliance with Recommendation 2.1(b), the Board considers nominations for the appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the *Corporations Act 2001* (Cth).

### **TERMS 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.

During the financial year the Board implemented the functions listed below. Whilst the Company has not adopted Recommendation 2.4, the Board is effectively managing the functions normally expected of such a committee.

The responsibilities assumed by the Board include:

- Board and senior executive functions;
- Board composition;
- criteria for nomination of Directors;
- selection and appointment of the Chairperson;
- selection and appointment of the Secretary;
- determine the frequency of meetings of the Committee;
- seek professional advice when required;
- responsibilities of the Committee; and
- overseeing of Board and executive succession plans.

### **INDEPENDENT DIRECTORS**

Due to the small size of the Company, the Board is made up of four Directors.

The Company has not adopted Recommendation 2.2, which states that a board skills matrix should be disclosed, nor has it adopted Recommendation 2.3, which states that the majority of the directors should be independent. Because of the small size and nature of the Company, the Company has appointed 1 independent Director on the Board. It is the Board's opinion that all Directors bring to the Board their independent judgement, irrespective of whether they are independent or not.

### **PERIOD OF OFFICE HELD BY EACH DIRECTOR**

- Mr Gregory Clifton Hall since 18 August 2010
- Mr Jiangang Zhao since 25 February 2013
- Mr Shouyin Wang since 31 July 2015
- Mr Zhang Yong since 25 February 2013

# CORPORATE GOVERNANCE STATEMENT

## INDEPENDENT DIRECTORS

The Company considers that as at 30 June 2018 Mr. Gregory Clifton Hall is classified as an Independent Director.

## REGULAR ASSESSMENT OF INDEPENDENCE

An Independent Director, in the view of the Company, 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 Company, or has 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 Company, or an employee materially associated with a service provider;
- has no material contractual relationship with the Company 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 Company; 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 Company.

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.

## CHAIRPERSON AND MANAGING DIRECTOR

The Company does not follow Recommendation 2.5. The office of Chair during the reporting period was held by Mr Shouyin Wang, a nominee of ZIMC, the largest shareholder of Zeus.

The Chairperson leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The CEO is responsible and accountable to the Board for the Company's management. Mr Jiangang Zhao is currently Acting Chief Executive Officer of the Company. Mr Zhao was appointed as Acting CEO of the Company following the departure of Mr Peter Williamson in November 2013.

## INDUCTION AND EDUCATION

The Company complies with Recommendation 2.6. The Company does have a policy to provide each new Director or officer with a copy of the following documents:

- Responsibilities of Department Policy;
- Board procedures, rules and responsibilities Policy;
- Salary and Performance Policy;
- Fixed Assets Management Policy;
- Financial Policy;
- Travel and Accommodation Policy;
- Employee Manual;
- Recruitment Policy;
- Delegated Authority of Limits
- Securities Trading Policy; and

# CORPORATE GOVERNANCE STATEMENT

## ***Principle 3 – Act Ethically and Responsibly***

### **CODE OF CONDUCT AND ETHICAL STANDARDS**

The Company has adopted recommendation 3.1 by establishing a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders, and by disclosing a summary of this code of conduct below. The Company is focused on ensuring that all Directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

### **ACCESS TO COMPANY INFORMATION AND CONFIDENTIALITY**

All Directors have the right of access to all relevant Company books and to the Company's executive management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Company have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### **SHARE DEALINGS AND DISCLOSURES**

The Company has adopted a Securities Trading Policy. 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 Chairperson and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

Share trading by Directors, executives or employees is not permitted 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.

### **CONFLICT OF INTEREST**

To ensure that Directors are at all times acting in the best interests of the Company, Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself or herself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

### **RELATED PARTY TRANSACTIONS**

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

# CORPORATE GOVERNANCE STATEMENT

## ***Principle 4 – Safeguard integrity in financial reporting***

### **AUDIT COMMITTEE**

The Company has not complied with Recommendation 4.1(a) as it has not established an Audit Committee with a corresponding charter. The Audit compliance is managed by the full board of Zeus Resources. It has complied with Recommendation 4.1(b) by disclosing that the objective of the Board is to make recommendations and implement, among various matters, the adequacy of the external audit and compliance procedures. The Board evaluates from time to time the effectiveness of the financial statements prepared for the Board meetings and to ensure that an independent judgement is always exercised.

### **CEO AND CFO DECLARATIONS**

The Company has adopted and complied with recommendation 4.2.

Due to the size of the management team, the Board has determined that the Chairperson and the Accountant are the appropriate persons to make the CEO and CFO declarations in respect of the year ended 30 June 2016, as required under section 295A of the Corporations Act and recommended by the ASX Corporate Governance Council. The Board is also satisfied that the internal control system is operating effectively in all material respects.

### **AUDITOR PRESENT AT ANNUAL GENERAL MEETING**

The Company has complied with Recommendation 4.3. A representative of the Company's external auditor was be present at the Company's AGM and will be available to answer questions from security holders relevant to the audit.

## ***Principle 5 – Make timely and balanced disclosure***

The Company has not adopted Recommendation 5.1 by putting in place a continuous Disclosure Policy because of the size and nature of the Company.

### **CONTINUOUS DISCLOSURE TO THE ASX**

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. Accordingly, the Company will notify the ASX promptly of information:

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- 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; and
- the 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 Zeus securities.

# CORPORATE GOVERNANCE STATEMENT

## ***Principle 6 – Respect the rights of shareholders***

The Company has complied with Recommendation 6.1 by promoting active communication with shareholders through a variety of measures, including the use of the Company's website. The Company's reports and ASX announcements are made available on the Company's website [www.zeusresources.com](http://www.zeusresources.com) and on the ASX website [www.asx.com.au](http://www.asx.com.au), under ASX code 'ZEU'.

### **COMMUNICATION TO SHAREHOLDERS**

The Company does comply with Recommendation 6.2 and 6.3.

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. The Company provides all relevant and current information to shareholders and the market through:

- the Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly Directors' and financial statements;
- quarterly activities and cash flow reports;
- other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing; and
- Rules and other information that may be mailed to shareholders or made available through the Company's website.

The company has complied with Recommendation 6.4 by encouraging Shareholders to register for receipt of announcements and updates electronically.

## ***Principle 7 - Recognise and manage risk***

### **RISK COMMITTEE**

The Company has not complied with Recommendation 7.1(a) as it has not established a Risk Committee with a corresponding charter.

The Company complies with Recommendation 7.1(b) by disclosing the processes it employs for overseeing the Company's risk management, being that 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.

### **INTERNAL CONTROL AND RISK MANAGEMENT**

The Company has complied with Recommendation 7.2 by conducting an annual risk assessment and discloses to the Company auditors the review of risk management and internal control systems.

The primary vehicle for managing corporate risks is regular oversight by the Board. The Board 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 Company has systems in place to ensure that appropriate insurance policies are kept current to cover all potential risks and maintaining Directors' and Officers' professional indemnity insurance.

## INTERNAL AUDIT FUNCTION

The Company has not complied with Recommendation 7.3(a) but does comply with recommendation 7.3(b). The Company's internal audit function is carried out by the Board. The Company does not have an internal audit department nor has an internal auditor. The board is of the belief that the size of the Company does not warrant the cost of appointing an internal auditor.

## ECONOMIC, ENVIRONMENTAL AND SUSTAINABILITY RISKS

All material risks are announced to the market in accordance with the requirements of the ASX Listing Rules and otherwise.

### *Principle 8 – Remunerate fairly and responsibly*

In response to Recommendation 8.1(a), the Board has not established a remuneration committee. The Board is directed by the Chairperson who operates as the Committee, due to the size and nature of the Company.

The Board regularly addressed issues that arose during the financial year.

## REMUNERATION COMMITTEE CHARTER AND RESPONSIBILITIES

In accordance with Recommendation 8.1, in the absence of a remuneration committee, the Company discloses the following information concerning its policies and processes it employs for setting remuneration of directors and senior executives.

## REMUNERATION POLICY

In response to Recommendation 8.2, the Company has established a Salary and Performance Policy along with a Recruitment Policy which operates in a similar fashion to a Remuneration and Nomination Committee charter. The role and responsibility of the Board is to review and make recommendations in respect of:

- executive remuneration policy;
- Executive Director and senior management remuneration;
- Non-executive Directors' Remuneration;
- performance measurement policies and procedures;
- Administration of the Company's Diversity policy;
- Board evaluation and performance of Directors; and
- Issue and allotment of options to Directors and Senior Executives.

The Directors' remuneration is approved by shareholders at the Annual General Meeting. The salary and emoluments paid to officers are approved by the Board. Consultants are engaged as required pursuant to service agreements. The Company ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Company. All salaries of Directors and statutory officers are disclosed in the Annual Report of the Company each year.

The Company has a policy structure to remunerate Directors differently based on a fixed and incentive component salary packages to reflect the short and long-term objectives of the Company. Key aspects of the policy include the following:

## CORPORATE GOVERNANCE STATEMENT

- the salary component of the Managing Director/CEO remuneration is made up of fixed remuneration and long-term incentive;
- the salary component of Non-executive Directors is made up of fixed remuneration.
- the Company has not adopted Recommendation 8.4 as follows due to its size and nature:
- the Company discloses the name of Directors in the Remuneration Committee and the attendance of each Director to the Remuneration Committee meetings, within its Directors' Reports;
- the Company does not provide any schemes for retirement; and
- the Company has not made publicly available a summary of the Remuneration Committee Charter on the Company's website.

### **SECURITIES TRADING POLICY**

In compliance with Recommendation 8.3, the Company has a securities trading policy that prohibits directors, officers and employees from entering into transactions or arrangements which limits the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.

The Company's securities trading policy is publicly available on the ASX website.

## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30<sup>th</sup> June 2019:

### (a) Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

Range	Securities	%	No. of holders	%
100,001 and Over	172,284,225	95.63	62	16.10
10,001 to 100,000	5,965,480	3.31	117	30.39
5,001 to 10,000	1,877,752	1.04	192	49.87
1,001 to 5,000	22,054	0.01	6	1.56
1 to 1,000	489	0.00	8	2.08
<b>Total</b>	<b>180,150,000</b>	<b>100.00</b>	<b>385</b>	<b>100.00</b>
Unmarketable Parcels	4,842,769	2.69	290	75.32

### (b) The names of the twenty largest holders of quoted securities are listed below:

Rank	Name	28 Jun 2019	%IC	Move up	Move down	Net move	% move	%IC change	29 Jun 2018	%IC
1	ZHENGYUAN INTERNATIONAL MINING COMPANY LIMITED	57,650,000	32.0%	0	0	0	0.00	0.00	57,650,000	32.0%
2	VAST HONOUR GLOBAL LIMITED	55,000,000	30.5%	0	0	0	0.00	0.00	55,000,000	30.5%
3	MRS ANLAN CHEN	17,679,518	9.8%	0	0	0	0.00	0.00	17,679,518	9.8%
4	BARBARY COAST INVESTMENTS PTY LTD AND ASSOCIATES	13,477,201	7.5%	0	0	0	0.00	0.00	13,477,201	7.5%
5	M & K KORKIDAS PTY LTD	4,591,663	2.5%	0	0	0	0.00	0.00	4,591,663	2.5%
6	MR DIAN TANG	3,051,898	1.7%	650,000	0	650,000	27.06	0.36	2,401,898	1.3%
7	MS KIA BOON TAY	2,800,000	1.6%	548,035	0	548,035	24.34	0.30	2,251,965	1.3%
8	MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI	1,990,146	1.1%	0	0	0	0.00	0.00	1,990,146	1.1%
9	JEFFREY POLOVICK	996,116	0.6%	0	0	0	0.00	0.00	996,116	0.6%
10	STEPHEN ROGER KING	979,437	0.5%	0	0	0	0.00	0.00	979,437	0.5%
11	MR PETER HUBERT OTTA	770,546	0.4%	30,546	0	30,546	4.13	0.02	740,000	0.4%
12	GA & AM LEAVER INVESTMENTS PTY LTD	688,000	0.4%	0	0	0	0.00	0.00	688,000	0.4%
13	SOUTHAM INVESTMENTS 2003 PTY LTD	600,000	0.3%	0	0	0	0.00	0.00	600,000	0.3%
13	MR ADRIAN GLENN COLEMAN	600,000	0.3%	0	0	0	0.00	0.00	600,000	0.3%
14	IQ GLOBAL ASSET PARTNERS PTY LTD	529,728	0.3%	380,728	0	380,728	255.52	0.21	149,000	0.1%
15	MR ROBERT MALCOLM BOYD & MRS MERYL ELIZABETH BOYD	500,000	0.3%	0	0	0	0.00	0.00	500,000	0.3%
15	MRS JIN-MEI YANG	500,000	0.3%	0	0	0	0.00	0.00	500,000	0.3%
15	MR RALPH GEORGE HOGG	500,000	0.3%	0	0	0	0.00	0.00	500,000	0.3%
15	MICHAEL HICKEY	500,000	0.3%	0	0	0	0.00	0.00	500,000	0.3%
16	MR VICTOR MICHAEL SOPHIOS	445,997	0.2%	141,221	0	141,221	46.34	0.08	304,776	0.2%
17	MR ADAM BRUCE WEEDMAN	411,862	0.2%	0	700,000	(700,000)	(62.96)	(0.39)	1,111,862	0.6%
18	PATHOLD NO 134 PTY LTD	400,000	0.2%	0	0	0	0.00	0.00	400,000	0.2%
18	GEEELONG CITY MOTOR HOLDINGS PTY LTD	400,000	0.2%	0	0	0	0.00	0.00	400,000	0.2%
19	MR SIMON STONIER	376,177	0.2%	0	0	0	0.00	0.00	376,177	0.2%
20	MR DAMIAN PERERA	370,000	0.2%	0	0	0	0.00	0.00	370,000	0.2%
		<b>165,808,289</b>	<b>92.04%</b>			<b>969,365</b>			<b>164,757,759</b>	<b>91.46%</b>
		<b>14,341,711</b>	<b>7.96%</b>			<b>(969,365)</b>			<b>15,392,241</b>	<b>8.54%</b>
		<b>180,150,000</b>	<b>100.00</b>			<b>0</b>			<b>180,150,000</b>	<b>100.00</b>

## SHAREHOLDER INFORMATION

### (c) Substantial Shareholders

Substantial shareholders in the Company are:

<b>Name</b>	<b>30 Jun 2019</b>	<b>% Holding</b>	<b>30 Jun 2018</b>	<b>% Holding</b>
ZHENGYUAN INTERNATIONAL MINING COMPANY LIMITED	57,650,000	32.0%	57,650,000	32.0%
VAST HONOUR GLOBAL LIMITED	55,000,000	30.5%	55,000,000	30.5%
MRS ANLAN CHEN	17,679,518	9.8%	17,679,518	9.8%
BARBARY COAST INVESTMENTS PTY LTD AND ASSOCIATES	13,477,201	7.5%	13,477,201	7.5%

### (d) Voting Rights

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

#### **Ordinary Shares**

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