



Metalsearch

METALSEARCH LIMITED

ABN 29 137 984 297

ANNUAL REPORT 2019

Corporate Information**ABN 29 137 984 297****Directors**

Robert Downey, Non-Executive Chairman
Jeremy Read, Non-Executive Director
Jason Brewer, Non-Executive Director
Neville Bassett, Non-Executive Director

Company Secretary

Neville Bassett

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Stock Exchange Listing

Metalsearch Limited shares are listed on the Australian Securities Exchange (ASX Code: MSE)

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DIRECTORS' REVIEW OF ACTIVITIES

Kraaipan Gold-Nickel-Copper-PGM Project – Botswana

Metalsearch Limited's 100% owned Kraaipan Gold-Nickel-Copper-PGM Project comprises Prospecting Licence, PL232/2016 and covers an approximately 50 kilometre stretch of Kraaipan Greenstone Belt in southern Botswana (Figure 1). The Kraaipan Project is part of the larger NNW trending Amalia-Kraaipan-Greenstone-Terrane ('AKGT') of the Kaapvaal Craton. The AKGT in Botswana is directly along strike from significant gold deposits across the border in South Africa, as well as adjacent to significant PGM deposits.

Kraaipan West Gold-Nickel-Copper-PGM Project

The Kraaipan West Project covers an approximately 15 kilometre long stretch of the Amalia-Kraaipan Greenstone Terrane (AKGT) in southern Botswana. The AKGT in Botswana is interpreted to be highly prospective for both gold and magmatic nickel-copper-PGM sulphide mineralisation, as these rocks are directly along strike and within the same geological units, as the well-known Kalgold and Kalplats deposits across the border in South Africa.

The Kraaipan West Project comprises Prospecting Licences, PL064/2017 and PL065/2017, which are 584km² and 446km² in area respectively. This project is approximately 30 kilometres to the west of the Kraaipan Gold-Nickel-Copper-PGM Project. The southern boundary of the tenures is located along Botswana's southern border with South Africa and can be accessed via well-maintained, all weather roads from Gaborone (the capital of Botswana), approximately 180 kilometres to the north.

Kraaipan Project Drill Program

During the June quarter the company commenced a six-hole Reverse Circulation (RC) drilling program on the Kraaipan Gold-Nickel-Copper-PGM Project in southern Botswana.

Four holes of the drilling program tested historical drill intersections, which have not previously been followed up, including:

- 13m @ 1.71g/t Au from 11m down hole depth in historical drill hole KRP037
- 5m @ 2.3g/t Au from 27m down hole depth in historical drill hole KRP052
- 21m @ 1.0g/t Au from 7m down hole depth in historical drill hole KRP074
- 9.0m @ 1.1g/t Au from 17m down hole depth, including 4m @ 2.3g/t Au in hole KRP077 ¹

Two holes tested new gold-in-soil geochemical anomalies which were generated by Metalsearch in October 2017 but were not drill tested at that time. ²

¹Refer LCR (now MSE) announcement 3 April 2017 for all drill holes details and assay results, including a JORC (2012) Table 1.

²See Metalsearch Limited ASX Announcement 16 October 2017.

The Company is not aware of any new information or data that materially affects the information contained in the above announcements, except as detailed in this report.

The geological prospectivity of the Kraaipan Project can be divided into two terranes as follows:

1. The Archean greenstone gold terrane of predominantly Banded Iron Formations (BIF's) and mafic volcanics in the southern half of the Kraaipan licence, prospective for shear zone hosted gold deposits; and
2. Layered mafic intrusive complexes in the northern half of the licence. These complexes are predominantly mafic intrusive rocks associated with felsic and intermediate derivatives and are prospective for nickel-copper and Platinum Group Element (PGE) deposits.

In late 2017 and early 2018 Metalsearch focused its exploration efforts in the northern terrane, assessing the nickel-copper and PGE potential. Drilling targets were defined from a combination of soil geochemical samples and geophysical anomalies identified from interpretation of historical electromagnetic (EM) and magnetic data.

The drilling undertaken in the June quarter 2019 was completed subsequent to the end of the financial year and samples submitted for multi-element analysis at ALS Global Laboratories in Johannesburg. Results are expected to be delivered in mid August 2019.

Competent Person Statement

The information in this announcement that relates to exploration results is based upon information reviewed by Mr Jeremy Read who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), member No 224610. Mr Read is a director of Metalsearch Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Read consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

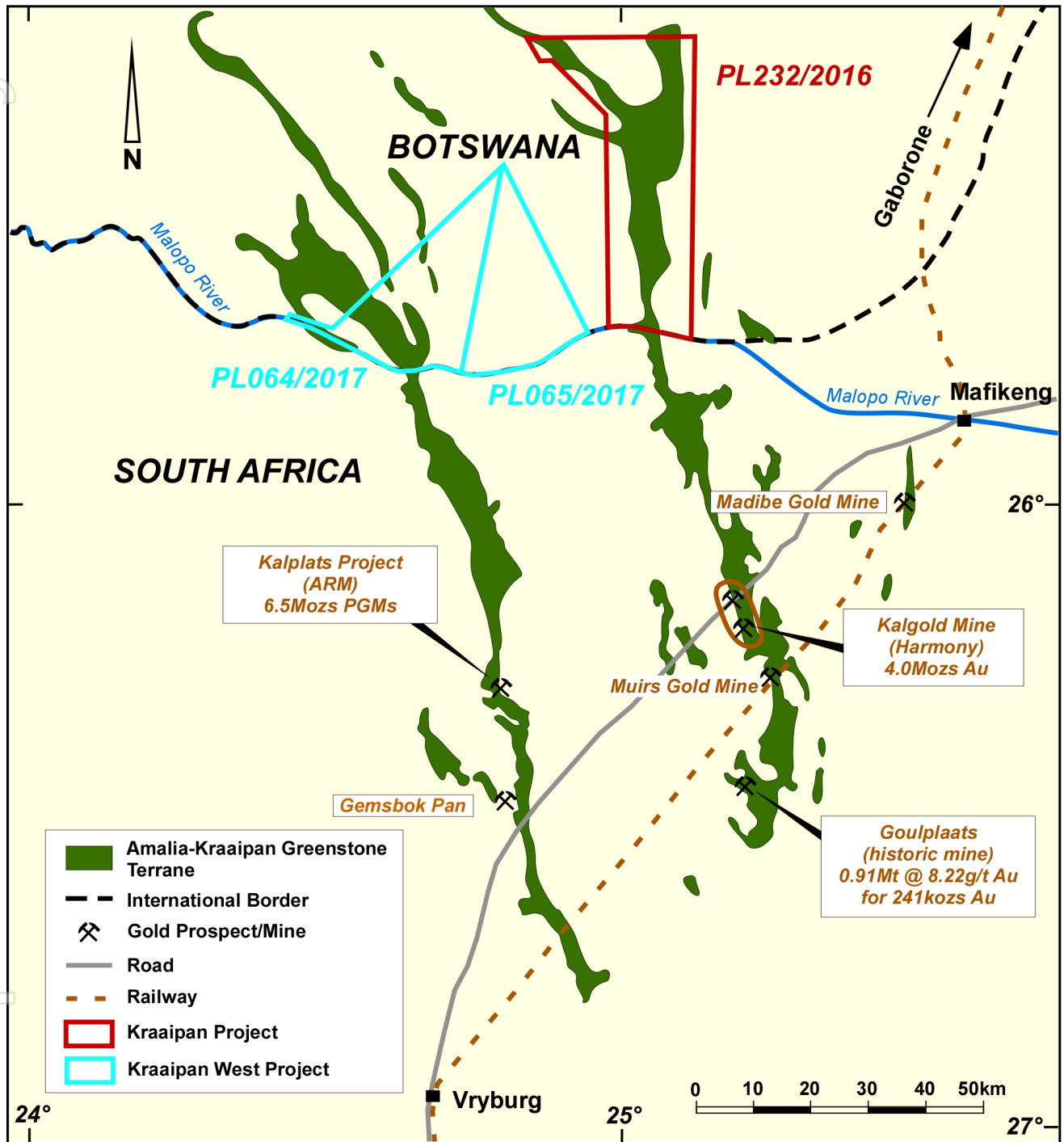


Figure 1: Location of the Kraaipan and Kraaipan West Gold-Nickel-Copper-PGM projects in relation to the Harmony's Kalgold Mine and the African Rainbow Minerals' Kalplats Project across the border in South Africa.

CORPORATE

Director Changes

On 1 August 2018, the Company announced that Mr Jason Brewer had been appointed as a Non-Executive Director.

Jason Brewer has over 20 years' experience on international mining, financial markets and investment banking. He is a qualified mining engineer, obtaining a Master's degree, with Honours, from the Royal School of Mines at Imperial College, London and worked in both underground and open-cast mining operations in the UK, Australia, Canada and South Africa.

Mr Brewer has worked for a number of major global investment banks, including Dresdner Kleinwort Benson, NM Rothschild & Sons (Australia) Limited) and Investec Bank (Australia) Limited in London, Sydney and Perth, where he was responsible for structuring and arranging corporate and project financing facilities for mining and exploration companies with a particular focus on projects in Africa. He gained experience in funds management with mining focused LinQ Resources Fund and with New Holland Capital in Australia

Capital Raising

In June 2018 the Company announced a fully underwritten pro rata non-renounceable entitlement issue on the basis of one (1) New Share for every two (2) Shares at an issue price of \$0.01 each to raise approximately \$1,529,700 (Offer).

At close of the Offer valid acceptances had been received in respect to 87,541,532 Shares for \$875,415. A further \$654,285 was received in July 2018 in respect to the shortfall shares.

The Company completed the issue of 152,970,053 Shares pursuant to the entitlement issue in July 2018 and, due to the level of interest from sub-underwriters to the entitlement issue, the Company issued a further 22,000,000 Shares on the same terms as the Shares issued under the entitlement issue to raise an additional \$220,000.

Project Generation

The Company has significantly increased its project generation activities in order to add another major project to the Company's portfolio of projects. This review process is ongoing, and the Company is in the process of conducting due diligence on potential project acquisitions. Refer Note 21 – Events Occurring After Balance Date.

DIRECTORS' REPORT (CON'T)

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Metalsearch Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019.

DIRECTORS

The names and details of the Company's directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities**Robert Downey B.Ed, LL.B (Hons) (Non-Executive Chairman)**

Mr Downey is a qualified solicitor who has practised mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an adviser, founder and director of various ASX, TSX and AIM companies. Mr Downey is currently a partner at Dominion Legal, a boutique law firm in Perth. Mr Downey became Non-Executive Chairman on 18 October 2016.

In the three years prior to the current year, Mr Downey was a director of ASX-listed Mount Ridley Mines Ltd Limited until 31 August 2016, Calima Energy Ltd until 24 August 2017 and Minrex Resources Ltd until 29 January 2018. He is currently a director of Kairiki Energy Ltd and Connexion Telematics Ltd.

Jeremy Read (Non-Executive Director)

Mr Read is a seasoned mineral resource industry executive, having worked on a broad range of precious and base metals projects in Australia, Africa, North America, India and Scandinavia. He has been the Managing Director of four ASX listed resource companies. Mr Read has also listed companies on the Alternate Investment Market (AIM) in London and the Botswana Stock Exchange. Mr Read has extensive experience in gold, nickel and copper exploration having spent 11 years working for BHP in Africa and Australia. Mr Read became a Non-Executive Director on 29 May 2017.

Mr Read is currently a director of Pursuit Minerals Limited and ProspectOre Limited. During the last three years prior to the current year, Mr Read has been a director of MinQuest Limited, Avalon Minerals Limited, Discovery Metals Limited and TSX listed E3 Metals Limited.

Jason Brewer M.Eng (Hons) ARSM (Non-Executive Director)

Mr Brewer has over 20 years' experience in international mining, financial markets and investment banking. He is a qualified mining engineer, obtaining a Masters degree, with Honours, from the Royal School of Mines at Imperial College, London and worked in both underground and open-cash mining operations in the UK, Australia, Canada and South Africa. Mr Brewer became a Non-Executive Director on 1 August 2018.

In the three years prior to the current year, Mr Brewer was a director of ASX-listed International Goldfields Limited until September 2016, Black Mountain Resources Limited until 31 January 2017, Cape Lambert Resources Limited until February 2018 and Vector Resources Limited until February 2019. Mr Brewer is currently a director of Winmar Resources Limited, Force Commodities Limited, Global Vanadium Limited and Tao Commodities Limited.

Neville Bassett AM B.Bus, FCA (Non-Executive Director)

Mr Bassett is a chartered accountant operating his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Bassett has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also taken in mergers and acquisitions, and includes significant knowledge and exposure to the Australian financial markets. Mr Bassett has experience in matters pertaining to the *Corporations Act*, ASX listing requirements, corporate taxation and finance. Mr Bassett became a Non-Executive Director on 7 May 2015.

DIRECTORS' REPORT (CON'T)

In the three years prior to the current year, Mr Bassett was a director of ASX-listed, Quantify Technology Holdings Ltd until 1 March 2017, Longford Resources Ltd until 31 October 2017, Meteoric Resources NL until 4 December 2017 and Vector Resources Ltd until 4 January 2018. He is currently a director of Yowie Group Ltd, PharmAust Ltd, Auris Minerals Ltd and Pointerra Ltd.

COMPANY SECRETARY

Mr Bassett was appointed Company Secretary on 7 May 2015.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following relevant interests in shares of the Company or a related body corporate were held by directors at the date of this report:

	Ordinary Shares
Directors	
Robert Downey	1,378,925
Jeremy Read	4,000,000
Jason Brewer	-
Neville Bassett	11,980,945

There were no share options or performance rights of Metalsearch Limited that have been granted to directors of the Company with shareholder approval since 1 July 2018 and the date of this report as part of their remuneration.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period was the exploration of the Group's mineral tenements with the objective of identifying economic mineral deposits and the identification and evaluation of new venture and corporate opportunities.

DIVIDENDS

No dividends were paid or declared during the period. No recommendation for payment of dividends has been made.

DIRECTORS' REPORT (CON'T)

OPERATING AND FINANCIAL REVIEW**Finance Review**

The Group commenced the financial year with cash assets of \$692,049.

During the period, total exploration expenditure expensed by the Group amounted to \$93,348 (2018: \$938,019), which included nil (2018: nil) capitalised tenement acquisition costs written off. In line with the Group's accounting policies, all exploration expenditure, other than acquisition costs, are written off as they are incurred. Net administration expenditure incurred amounted to \$270,750 (2018: \$282,919). This has resulted in an operating loss after income tax for the period ended 30 June 2019 of \$531,685 (2018: \$1,551,823). At 30 June 2019, cash assets available totalled \$1,757,605.

Operating Results for the Period

Summarised operating results are as follows:

	2019	
	Revenues	Results
	\$	\$
Revenues and loss from ordinary activities before income tax expense	260	(531,685)

Shareholder Returns

	2019	2018
Basic loss per share (cents)	(0.112)	(0.576)

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year other than that referred to in the financial statements or notes thereto in the *Review of Activities*.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years apart from the below.

Subsequent to balance date, the Company announced that it has entered into a binding agreement for the acquisition of 100% of the share capital in Abercorn Kaolin Pty Ltd, which owns the Abercorn High Purity Alumina ("HPA") Project located

DIRECTORS' REPORT (CON'T)

in Queensland, Australia ("Acquisition") (Refer ASX announcement dated 13 August 2019).

The Project comprises 3 contiguous Exploration Permits for Minerals ("EPM") for a total of 38 sub-blocks, an **area of 128km²**, these are EPM 26837 comprising 33 sub-blocks, EPM 26903 comprising 4 sub-blocks and EPM 19081 comprising one sub-block. The Project is situated approximately 135km south-west of the deep-water port of Gladstone and 125km west of the deep-water port of Bundaberg in Central Queensland.

Key Commercial Terms of Acquisition

The Acquisition is a combination of cash and shares including deferred payments to the Vendors once key performance related milestones are achieved.

The consideration for the Acquisition is summarised as follows:

- the payment by of \$50,000 as a non-refundable deposit;
- at completion, the payment by the Company of \$300,000 as reimbursement for past expenditures;
- at completion, the issue by the Company to the Vendors of 235,000,000 ordinary fully paid shares in the Company ("MSE Shares") at a deemed issue price of \$0.006 having a total value equivalent to \$1,410,000;
- issue of the deferred consideration set out below on satisfaction of each milestone;
 - upon certification by an independent Competent Person on or before the first anniversary of the date of the term sheet of an inferred JORC compliant resource of 10,000,000 tonnes of raw ore containing 29% Al₂O₃ at -20micron sizing, the issue by the Company to the Vendors of 75,000,000 MSE Shares: and
 - upon completion by the Company of a Scoping Study (as defined in the JORC Code) before the 3rd anniversary of the date of the term sheet, the issue by the Company to the Vendors of 75,000,000 MSE Shares.

No person will acquire a relevant interest of greater than 20% in the Company as a result of the MSE Shares issued at completion of the Acquisition, and any subsequent issue of MSE Shares under the consideration for the Acquisition will be deferred to the extent that, as a result of any such issue, the resulting voting power of any shareholder will increase to more than 20% in contravention of section 606(1) of the Corporations Act 2001 (Cth).

Completion of the Acquisition is subject to and conditional upon the satisfaction of various conditions precedent including (but not limited to) the Company:

- (a) obtaining all shareholder approvals required under Listing Rule 11.1.2 or any other approvals required by the ASX in relation to the transaction;
- (b) completing a capital raising of \$2,000,000;
- (c) completing due diligence to its satisfaction of all legal, financial and technical aspects of Abercorn and the tenements; and
- (d) distributing to shareholders a Notice of Meeting calling a general meeting of shareholders, to be held, to approve the Acquisition.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company's focus over the next twelve months will be on the advancement of the Kraaipan Gold-Nickel-Copper-PGM Project and, subject to completion of the Acquisition described above, advancement of the Abercorn High Purity Alumina Project, including undertaking a drill program to further define the size and scale of the resource and produce a maiden JORC compliant resource.

DIRECTORS' REPORT (CON'T)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities in Botswana. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the period under review.

DIRECTORS' REPORT (CON'T)

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration*Remuneration Policy*

The remuneration policy of Metasearch Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Metasearch Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

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

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

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. Independent external advice is sought when required. 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 (currently \$300,000). Base fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance based remuneration

During the year, the Group did not issue incentive options or performance rights to directors or other key management personnel.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2019.

Voting and comments made at the Company's 2018 Annual General Meeting

The Company received approximately 99.9% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

DIRECTORS' REPORT (CON'T)

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group comprise the directors and the chief executive officer (where appointed) who have authority and responsibility for planning, directing and controlling activities within the Group.

Given the size and nature of operations of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Key management personnel of the Group

	Short-Term		Post-Employment		Share-based	Total
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits	Payments	
	\$	\$	\$	\$	\$	\$
Directors						
Robert Downey – Appointed 18 October 2016						
2019	36,000	-	-	-	-	36,000
2018	36,500	-	-	-	-	36,500
Jeremy Read – Appointed 7 June 2017						
2019	36,000	-	-	-	-	36,000
2018	36,000	-	-	-	-	36,000
Jason Brewer – Appointed 1 August 2018						
2019	33,000	-	-	-	-	33,000
2018	-	-	-	-	-	-
Neville Bassett – Appointed 7 May 2015						
2019	36,000	-	-	-	-	36,000
2018	36,000	-	-	-	-	36,000
Other Key Management Personnel						
Dr Quinton Hills – CEO Ceased 31 August 2018						
2019	35,754	-	3,167	-	-	38,921
2018	215,461	-	19,000	-	-	234,461
Total Key Management Personnel Remuneration						
2019	176,754	-	3,167	-	-	179,921
2018	323,961	-	19,000	-	-	342,961

DIRECTORS' REPORT (CON'T)

Service agreements**Dr Quinton Hills**

On 7 June 2016, the Company entered into an Executive Service Agreement with Dr Quinton Hills.

Under the Agreement, Dr Quinton Hills was engaged by the Company to provide services to the Company in the capacity of CEO.

Dr Hills' base salary was \$200,000 per annum exclusive of statutory superannuation.

Dr Hills was entitled to a minimum notice period of three months from the Company and the Company was entitled to a minimum notice period of three months from Dr Hills. Dr Hills tendered his resignation on 25 May 2018, effective 31 August 2018.

Shareholdings of key management personnel

The number of ordinary shares in the Group held during the financial year by each director of Metalsearch Limited and other key management personnel of the Group, including their personally related parties, is set out below.

	Balance at start of the year	Acquired	Net Change	Other	Balance at end of the year
Directors					
Robert Downey	1,378,925	-	-	-	1,378,925
Jeremy Read	4,000,000	-	-	-	4,000,000
Jason Brewer	-	-	-	-	-
Neville Bassett	10,826,501	2,284,444	(1,130,000)		11,980,945
Other key management personnel					
Dr Quinton Hills	4,850,000	-	(4,850,000)		-

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Option holdings of key management personnel

The number of unlisted options over ordinary shares in the Company held during the financial year by directors of Metalsearch Limited and other key management personnel of the Group, including their personally related parties, is set out below.

	Balance at start of the year	Granted as compensation	Acquired (Expired)	Net Change Other	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Robert Downey	-	-	-	-	-	-	-
Jeremy Read	-	-	-	-	-	-	-
Jason Brewer	-	-	-	-	-	-	-
Neville Bassett	625,000	-	(625,000)	-	-	-	-
Other key management personnel							
Dr Quinton Hills	-	-	-	-	-	-	-

Share-based compensation

No share-based compensation was paid during the year.

DIRECTORS' REPORT (CON'T)

Shares provided on exercise of remuneration options.

During the financial year ended 30 June 2019 no remuneration options were exercised.

End of remuneration report.

DIRECTORS' REPORT (CON'T)

DIRECTORS' MEETINGS

During the period the Company held meetings of directors. The attendance of directors at meetings of the Board were:

	Director's Meetings		Audit Committee Meetings	
	A	B	A	B
Robert Downey	7	7	2	2
Jeremy Read	7	7	2	2
Jason Brewer	6	6	2	2
Neville Bassett	7	7	2	2

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the period.

SHARES UNDER OPTION

At the date of this report there are nil unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	34,978,878
Movements of share options during the period	
Lapsed	(34,978,878)
Issued	-
Total number of options outstanding as at 30 June 2019 and the date of this report	-

The balance is comprised as follows:

Expiry date	Exercise price (cents)	Number of options
listed		
-	-	-
unlisted		
-	-	-
Total number of options outstanding at the date of this report		-

The following options lapsed during the year:

Original Expiry date	Exercise price (cents)	Number of options
listed		
30 September 2018	60.00	34,378,878
unlisted		
30 September 2018	14.00	600,000
Total option lapsed		34,978,878

No shares in Metalsearch Limited were issued during the year ended 30 June 2019 upon the exercise of options.

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

DIRECTORS' REPORT (CON'T)

INSURANCE OF DIRECTORS AND OFFICERS

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers for 2019 has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than the matters included in this Directors Report or elsewhere in the Annual Financial Report, future developments, business strategies and prospects of the Company and the expected results of those operations have not been disclosed as the Directors believe that their inclusion would most likely result in unreasonable prejudice to the Company.

NON-AUDIT SERVICES

No non-audit services have been provided by the Company's auditors, Rothsay Auditing.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

Signed in accordance with a resolution of the directors.



Robert Downey

Chairman

Perth, 21 August 2019



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The Directors
Metalsearch Limited
PO Box 7315
Perth WA 6850

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2019 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 21 August 2019



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF METALSEARCH LIMITED

Report on the Audit of the Financial Report

Opinion

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

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; 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 these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

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

Key Audit Matter

Cash and cash equivalents

The Group's cash and cash equivalents make up 63% of total assets by value and are considered to be the key driver of the Group's operations and exploration activities. We do not consider cash and cash equivalents to be at a high risk of significant misstatement, or to be subject to a significant level of



judgement. However due to the materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence of the Group's cash and cash equivalents included but were not limited to:

- Documenting and assessing the processes and controls in place to record cash transactions;
- Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded appropriately in the general ledger; and
- Agreeing 100% of cash holdings to independent third party confirmations and bank statements.

We have also assessed the appropriateness of the disclosures included in notes 1 and 7 to the financial report.

Other Information

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance 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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility 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 the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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



Auditor's Responsibility 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2019.

In our opinion the remuneration report of Metalsearch Limited 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.

Rothsay Auditing

Dated 21 August 2019

**Graham Swan FCA
Partner**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2019	Notes	Consolidated	
		2019	2018
		\$	\$
REVENUE	4	260	3,050
EXPENDITURE			
Depreciation expense		(4,557)	(10,573)
Employee benefits expense	5	(163,290)	(319,362)
Exploration expenses		(93,348)	(938,019)
Administration expenses		(270,750)	(286,919)
LOSS BEFORE INCOME TAX		(531,685)	(1,551,823)
INCOME TAX BENEFIT/(EXPENSE)	6	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF METALSEARCH LIMITED		(531,685)	(1,551,823)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	23	(0.112)	(0.576)

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

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

Notes

Consolidated

2019

2018

\$

\$

CURRENT ASSETS

Cash and cash equivalents

7 1,757,605 692,049

Cash and cash equivalents – restricted in trust

7 - 875,415

Trade and other receivables

8 9,833 7,644

TOTAL CURRENT ASSETS

1,767,438 1,575,108

NON-CURRENT ASSETS

Plant and equipment

9 10,126 14,683

Mining properties

10 997,694 997,694

TOTAL NON-CURRENT ASSETS

1,007,820 1,012,377

TOTAL ASSETS

2,775,258 2,587,485

CURRENT LIABILITIES

Trade and other payables

11 30,691 940,795

TOTAL CURRENT LIABILITIES

30,691 940,795

TOTAL LIABILITIES

30,691 940,795

NET ASSETS

2,744,567 1,646,690

EQUITY

Issued capital

12 22,234,213 20,602,840

Reserves

13(a) 223,057 2,097,786

Accumulated losses

13(b) (19,712,703) (21,053,936)

TOTAL EQUITY

2,744,567 1,646,690

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2019	Notes	Contributed Equity	Share-based Payments Reserve	Options Reserves	Foreign Exchange Reserves	Accumulated Losses	Total
Consolidated		\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2017		20,208,692	1,371,626	501,292	250,653	(19,502,113)	2,830,150
Loss for the year	13(b)	-	-	-	-	(1,551,823)	(1,551,823)
TOTAL COMPREHENSIVE LOSS		-	-	-	-	(1,551,823)	(1,551,823)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year	12	399,050	-	-	-	-	399,050
Share issue costs		(4,902)	-	-	-	-	(4,902)
Foreign exchange movement		-	-	-	(25,785)	-	(25,785)
BALANCE AT 30 JUNE 2018		20,602,840	1,371,626	501,292	224,868	(21,053,936)	1,646,690
Loss for the year	13(b)	-	-	-	-	(531,685)	(531,685)
TOTAL COMPREHENSIVE LOSS		-	-	-	-	(531,685)	(531,685)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Expiration of share options		-	(1,371,626)	(501,292)	-	1,872,918	-
Shares issued during the year	12	1,749,700	-	-	-	-	1,749,700
Share issue costs		(118,327)	-	-	-	-	(118,327)
Foreign exchange movement		-	-	-	(1,811)	-	(1,811)
BALANCE AT 30 JUNE 2019		22,234,213	-	-	223,057	(19,712,703)	2,744,567

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

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2019

Notes

Consolidated

		2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(473,145)	(590,282)
Expenditure on mining interests		(89,721)	(940,918)
Other income		260	3,050
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	22	(562,606)	(1,528,150)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	(13,777)
NET CASH INFLOW FROM INVESTING ACTIVITIES		-	(13,777)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares net of share issue cost		1,631,373	394,148
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,631,373	394,148
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,068,767	(1,147,779)
Cash and cash equivalents at the beginning of the financial year		692,049	1,839,828
Effects of exchange rate fluctuations on cash held		(3,211)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	1,757,605	692,049

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Metasearch Limited and its subsidiaries. The financial statements are presented in Australian currency. Metasearch Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 21 August 2019. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Metasearch Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2018.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Metasearch Limited ("Company" or "parent entity") as at 30 June 2019 and the results of all subsidiaries for the year then ended. Metasearch Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Investments in subsidiaries are accounted for at cost in the separate financial statements of Metasearch Limited.

(ii) Changes in ownership interests

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

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

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

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Foreign currency translation*(i) Functional and presentation currency*

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) Revenue recognition

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

(f) Income tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

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

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

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

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

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(k) Investments and other financial assets**Classification**

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets - reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Measurement

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

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(l) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial year the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(o) Employee benefits*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as payables.

(p) Share-based payments

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Options over ordinary shares have also been issued as consideration for the acquisition of interests in tenements and other services. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

(q) Issued capital

Ordinary shares are classified as equity.

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

(r) Earnings per share*(i) Basic earnings per share*

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

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Cash flows are presented on a gross basis. 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.

(t) New accounting standards and interpretations*Standards and Interpretations applicable to 30 June 2019*

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations issued but not yet adopted for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

(u) Critical accounting judgements, estimates and assumptions

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

(v) Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's assets and the discharge of its liabilities in the normal course of business.

The directors consider it is appropriate to prepare the consolidated entity's financial statement on a going concern basis and recognise that additional funding may be required to ensure the consolidated entity can continue its operations for the next twelve months and to fund the continued development of the consolidated entity's exploration assets. This basis has been determined after consideration of the following factors:

- The ability to issue additional share capital under the Corporations Act 2001, if required, by a share purchase plan, share placement or rights issue;
- Debt financing, including convertible note issues;
- The option of farming out all or part of the consolidated entity's exploration projects; and
- The ability, if required to dispose of interests in exploration and development assets.

Consequently, the Board considers the Group is a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The Board has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk*(i) Foreign exchange risk*

The Group has operations internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Botswana Pula.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

The functional currency of the Group's foreign subsidiary company is the Botswana Pula. All parent entity and Australian subsidiary entity balances are in Australian dollars and all Group balances are in either Australian dollars or Botswana Pula, so the Group has only minimal exposure to foreign currency risk at the reporting date.

(ii) Price risk

Given the current level of operations, being mineral exploration projects, the Group is not exposed to price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of un-restricted cash and cash equivalents for the Group \$1,757,605 (2018: \$692,049) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the period depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was 0% (2018: 0%).

Sensitivity analysis

At 30 June 2019, if interest rates had changed by +/- 100 basis points from the weighted average rate for the period with all other variables held constant, post-tax loss for the Group would have been \$1,757 (2018: \$692) lower/higher as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For management purposes, the Group has identified two reportable segments being exploration activities undertaken in Australia and Botswana. These segments include the activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in these geographic locations.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

	Australia		Botswana		Consolidated Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-
Reconciliation of segment revenue to total revenue before tax:						
Other revenue	260	3,050	-	-	260	3,050
Total revenue	260	3,050	-	-	260	3,050
Segment results	-	-	(93,348)	(938,019)	(93,348)	(938,019)
Reconciliation of segment result to net loss before tax:						
Other corporate and administration	(412,050)	(489,175)	(26,547)	(127,679)	(438,597)	(616,854)
Net profit/(loss) before tax	(411,790)	(486,125)	(119,895)	(1,065,698)	(531,685)	(1,551,823)
Income tax benefit	-	-	-	-	-	-
Net profit/(loss) after tax	(411,790)	(486,125)	(119,895)	(1,065,698)	(531,685)	(1,551,823)
Segment operating assets	10,126	14,683	997,694	997,694	1,007,820	1,012,377
Reconciliation of segment operating assets to total assets:						
Other corporate and administration assets	1,765,210	1,529,596	2,228	45,512	1,767,438	1,575,108
Total assets	1,775,336	1,544,279	999,922	1,043,206	2,775,258	2,587,485
Segment operating liabilities	(25,122)	(920,588)	(5,569)	(20,207)	(30,691)	(940,795)
Reconciliation of segment operating liabilities to total liabilities:						
Other corporate and administration liabilities	-	-	-	-	-	-
Total liabilities	(25,122)	(920,588)	(5,569)	(20,207)	(30,691)	(940,795)

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Consolidated

	2019	2018
	\$	\$

4. REVENUE**From continuing operations**

Interest

260 -

Other income

- 3,050

260	3,050
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5. EXPENSES**Loss before income tax includes the following specific expenses:**

Defined contribution superannuation expense

3,167	19,000
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6. INCOME TAX**(a) Income tax expense**

Current tax

- -

Deferred tax

- -

-	-
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(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense

(531,685)	(1,551,823)
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Prima facie tax benefit at the Australian tax rate of 30%

(159,506)	(465,547)
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Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Research and development grant

- -

Fines

- -

Sundry items

- -

(159,506)	(465,547)
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Movements in unrecognised temporary differences

(23,602)	(17,545)
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Tax effect of current year tax losses for which no deferred tax asset has been recognised

183,108	483,092
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Research & development grant

- -

Income tax expense

- -

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated 2019 \$	Consolidated 2018 \$
6. INCOME TAX (CON'T)		
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
<i>On Income Tax Account</i>		
Provision for expenses	6,300	9,543
Capital raising costs	53,788	39,229
Investments	35,969	319,709
Carry forward revenue tax losses	5,366,339	5,612,979
	5,462,396	5,981,979
Deferred Tax Liabilities (at 30%)		
Sundry items	-	-
Capitalised tenement acquisition costs	299,308	299,308
	299,308	299,308

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS**Cash and cash equivalents**

Cash at bank and in hand	1,757,605	692,049
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	1,757,605	692,049
Cash and cash equivalents – restricted in trust (i)		
Cash held in trust	-	875,415

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(i) At 30 June 2018, the Company had received funds in relation to applications for shares issued under an offer pursuant to an offer document. Pursuant to the Corporations Act 2001, the funds received from prospective investors under application for shares were held separately from the operating funds of the Company and were unable to be utilised by the Company for operational matters until the shares were issued. The funds were held on Trust and were considered to be restricted at 30 June 2018. The funds were received by the Company on the issue of shares in July 2018.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade receivables	9,833	7,644
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NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated	Consolidated
	2019	2018
	\$	\$
9. NON-CURRENT ASSETS - PLANT AND EQUIPMENT		
Plant and equipment		
Cost	158,224	158,224
Accumulated depreciation	(148,098)	(143,541)
Net book amount	10,126	14,683
Plant and equipment		
Opening net book amount	14,683	11,479
Additions	-	13,777
Depreciation charge	(4,557)	(10,573)
Closing net book amount	10,126	14,683

10. NON-CURRENT ASSETS – MINING PROPERTIES

Tenement acquisition costs carried forward in respect of mining areas of interest

Opening net book amount	997,694	997,694
Capitalised tenement acquisition costs written off	-	-
Closing net book amount	997,694	997,694

The ultimate recoupment of costs carried forward for tenement acquisition is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Tenement acquisition costs carried forward relate to the company's Botswanan held tenements.

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	9,644	17,839
Other payables and accruals	21,047	47,541
Share applications (i)	-	875,415
	30,691	940,795

(i) On 6 June 2018, the Company dispatched a Rights Issue Prospectus to shareholders to issue up to 152,970,053 Shares and raise \$1,529,700 through a non-renounceable pro-rata offer of one new Share for every two Shares held at an issue price of \$0.01 per new Share.

The Rights issue closed on 26 June 2018, with valid applications from shareholders for 87,541,532 Shares to raise \$875,415. The Company further received commitments for 100% of the 65,428,521 Shortfall Shares to raise the balance of \$654,285 on the same terms as the Rights Issue Prospectus.

The Shares were issued in July 2018 and the funds held on Trust were released to the Company.

Fair Value and Risk Exposures

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade and other payables are unsecured and usually paid within 60 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

12. ISSUED CAPITAL**(a) Share capital**

	Notes	2019		2018	
		Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	12(b), 12(d)	480,910,159	22,234,213	305,940,106	20,602,840
Total issued capital		480,910,159	22,234,213	305,940,106	20,602,840

(b) Movements in ordinary share capital

Beginning of the financial year		305,940,106	20,602,840	266,035,106	20,208,692
Issued during the year:					
- Issued for cash at 1 cent per share		174,970,053	1,749,700	39,905,000	399,050
Less: Transaction costs		-	(118,327)	-	(4,902)
End of the financial year		480,910,159	22,234,213	305,940,106	20,602,840

(c) Movements in options on issue

Beginning of the financial year		34,978,878	34,978,878
Options lapsed during the year		(34,978,878)	-
Issued during the year		-	-
End of the financial year		-	34,978,878

(d) Ordinary shares

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Consolidated

2019	2018
\$	\$

13. RESERVES AND ACCUMULATED LOSSES**(a) Reserves**

Share-based payments reserve	-	1,371,626
Options reserve	-	501,292
Foreign currency translation reserve	223,057	224,868
	223,057	2,097,786

Movements:*Share-based payments and option reserve*

Balance at beginning of financial year	1,872,918	1,872,918
Options issued during the year	-	-
Share based payment expense	-	-
Expiration of share options	(1,872,918)	-
Balance at end of financial year	-	1,872,918

Foreign currency translation reserve

Balance at beginning of year	224,868	250,653
Exchange differences on translation of foreign operation	(1,811)	(25,785)
Balance at end of financial year	223,057	224,868

(b) Accumulated losses

Balance at beginning of financial year	(21,053,936)	(19,502,113)
Expiration of share options	1,872,918	-
Net loss for the year	(531,685)	(1,551,823)
Balance at end of financial year	(19,712,703)	(21,053,936)

(c) Nature and purpose of reserves*(i) Share-based payments reserve*

The share-based payments reserve is used to recognise the fair value of options issued.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

14. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Consolidated

2019	2018
\$	\$

15. KEY MANAGEMENT PERSONNEL DISCLOSURES**(a) Key management personnel compensation**

Short-term benefits	176,754	323,961
Post-employment benefits	3,167	19,000
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	179,921	342,961

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 15.

Apart from the detail in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end. Certain non-executive directors provided consulting services to the Group during the year. These services were charged to the Group based on the days worked. The total amount payable while they held positions as directors is shown in the Remuneration Report.

(b) Loans to key management personnel

There were no loans to key management personnel during the year.

(c) Other transactions with key management personnel**Services**

Rent of \$12,000 was paid to Westar Services Pty Ltd, a company of which Mr Neville Bassett is a director and shareholder. The amounts paid were on arm's length commercial terms.

16. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(a) Audit services

Rothsay Auditing – audit and review of financial reports

Total remuneration for audit services

20,000	23,000
20,000	23,000

(b) Non-audit services

Total remuneration for other services

-	-
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NOTES TO THE FINANCIAL STATEMENTS (CON'T)

17. CONTINGENCIES**Kraaipan Acquisition**

On 29 May 2017, the Company completed the acquisition of the Kraaipan Gold-Nickel-Copper-PGM Project in southern Botswana.

The acquisition included contingent consideration for issue of further Shares to the Vendors or their nominees upon the achievement of certain milestones as follows ('Milestone Consideration'):

- a. upon certification of a JORC compliant resource of gold or gold equivalent of 250,000oz which at least 50% is classified as Indicated or above ('First Milestone'), Shares with a total value of \$500,000 based on an issue price per Share equal to the higher of \$0.02 or the 5 day volume weighted average price for Shares for the previous five days on which Shares traded prior to the announcement of the First Milestone;
- b. upon certification of a JORC compliant resource of 500,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above ('Second Milestone'), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher of \$0.02 or the 5 day volume weighted average price for Shares for the previous five days on which Shares traded prior to the announcement of the Second Milestone;
- c. upon certification of a JORC compliant resource of 750,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above ('Third Milestone'), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher of \$0.02 or the 5 day volume weighted average price for the previous five days on which Shares traded prior to the announcement of the Third Milestone; and
- d. upon certification of a JORC compliant resource of 1,000,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above (Fourth Milestone), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher of \$0.02 or the 5 day volume weighted average price for the previous five days on which Shares traded prior to the announcement of the Fourth Milestone. No dividends were paid during the financial year.

The Directors were Vendors of the Kraaipan project and as part of the acquisition will be eligible for the following contingent consideration on achievement of the Milestones referred to above:

Name	First Milestone Shares	Second Milestone Shares	Third Milestone Shares	Fourth Milestone Shares
Mandevilla Pty Ltd	1,354,500	2,709,000	2,709,000	2,709,000
Mintaka Nominees Pty Ltd	1,593,750	3,187,500	3,187,500	3,187,500
Jeremy James Read	2,500,000	5,000,000	5,000,000	5,000,000

- Mandevilla Pty Ltd is a company of which Mr Neville Bassett is a director and a controlling shareholder;
- Mintaka Nominees Pty Ltd is a company in which Mandevilla Pty Ltd, a company of which Mr Neville Bassett is a director and a controlling shareholder, holds a 28.75% interest.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Consolidated

2019	2018
\$	\$

18. COMMITMENTS**(a) Exploration commitments**

The Group has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	1,719,386	2,209,000
later than one year but not later than five years	532,466	5,112,500
	2,251,852	7,321,500
<i>Operating leases (non-cancellable):</i>		
Minimum lease payments		
within one year	-	-
later than one year but not later than five years	-	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	-	-

The exploration work plan and expenditure commitment for the Botswanan tenements is subject to exploration success and a submission can be made to alter the exploration work plan and expenditure commitment if results do not warrant the level of exploration currently in the work plan, which was submitted when the application for the tenements was made.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

19. RELATED PARTY TRANSACTIONS**(a) Parent entity**

The ultimate parent entity within the Group is Metalsearch Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 20.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 15.

(d) Loans to related parties

Metalsearch Limited has provided unsecured, interest free loans to its wholly owned subsidiaries totalling \$6,731,532 (2018: \$6,274,032). An impairment assessment is undertaken each financial year by examining the financial position of each subsidiary and the market in which the respective subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss. The loans were impaired by a total of \$6,316,306 (2018: \$6,251,004).

20. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of incorporation	Class of shares	Equity Holding ⁽¹⁾	
			2019 %	2018 %
Kraaipan Founders Pty Ltd	Australia	Ordinary	100	100
Kraaipan Founders (UK) Pty Ltd	UK	Ordinary	100	100
KFPL (UK) Pty Ltd	UK	Ordinary	100	100
South East Metals (Pty) Ltd	Botswana	Ordinary	100	100
Laconia South America Pty Ltd ⁽²⁾	Australia	Ordinary	100	100
Gold Mines of Peru SAC ⁽³⁾	Peru	Ordinary	100	100
Minera Peru Gold SAC ⁽³⁾	Peru	Ordinary	100	100
Compania Minera Sucre SA ⁽³⁾	Peru	Ordinary	100	100

⁽¹⁾ The proportion of ownership interest is equal to the proportion of voting power held.

⁽²⁾ This entity was incorporated on 1 November 2011 with Metalsearch Limited as the sole shareholder.

⁽³⁾ Not audited by Rothsay

21. EVENTS OCCURRING AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than the below.

Subsequent to balance date, the Company announced that it has entered into a binding agreement for the acquisition of 100% of the share capital in Abercorn Kaolin Pty Ltd, which owns the Abercorn High Purity Alumina ("HPA") Project located in Queensland, Australia ("Acquisition") (Refer ASX announcement dated 13 August 2019).

The Project comprises 3 contiguous Exploration Permits for Minerals ("EPM") for a total of 38 sub-blocks, an **area of 128km²**, these are EPM 26837 comprising 33 sub-blocks, EPM 26903 comprising 4 sub-blocks and EPM 19081 comprising one sub-block. The Project is situated approximately 135km south-west of the deep-water port of Gladstone and 125km west of the deep-water port of Bundaberg in Central Queensland.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

21. EVENTS OCCURRING AFTER BALANCE DATE (CONT)Key Commercial Terms of Acquisition

The Acquisition is a combination of cash and shares including deferred payments to the Vendors once key performance related milestones are achieved.

The consideration for the Acquisition is summarised as follows:

- the payment by of \$50,000 as a non-refundable deposit;
- at completion, the payment by the Company of \$300,000 as reimbursement for past expenditures;
- at completion, the issue by the Company to the Vendors of 235,000,000 ordinary fully paid shares in the Company ("MSE Shares") at a deemed issue price of \$0.006 having a total value equivalent to \$1,410,000;
- issue of the deferred consideration set out below on satisfaction of each milestone;
 - upon certification by an independent Competent Person on or before the first anniversary of the date of the term sheet of an inferred JORC compliant resource of 10,000,000 tonnes of raw ore containing 29% Al₂O₃ at -20micron sizing, the issue by the Company to the Vendors of 75,000,000 MSE Shares: and
 - upon completion by the Company of a Scoping Study (as defined in the JORC Code) before the 3rd anniversary of the date of the term sheet, the issue by the Company to the Vendors of 75,000,000 MSE Shares.

No person will acquire a relevant interest of greater than 20% in the Company as a result of the MSE Shares issued at completion of the Acquisition, and any subsequent issue of MSE Shares under the consideration for the Acquisition will be deferred to the extent that, as a result of any such issue, the resulting voting power of any shareholder will increase to more than 20% in contravention of section 606(1) of the Corporations Act 2001 (Cth).

Completion of the Acquisition is subject to and conditional upon the satisfaction of various conditions precedent including (but not limited to) the Company:

- (a) obtaining all shareholder approvals required under Listing Rule 11.1.2 or any other approvals required by the ASX in relation to the transaction;
- (b) completing a capital raising of \$2,000,000;
- (c) completing due diligence to its satisfaction of all legal, financial and technical aspects of Abercorn and the tenements; and
- (d) distributing to shareholders a Notice of Meeting calling a general meeting of shareholders, to be held, to approve the Acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Consolidated

2019	2018
\$	\$

22. STATEMENT OF CASH FLOWS**Reconciliation of net loss after income tax to net cash outflow from operating activities**

Net loss for the year	(531,685)	(1,551,823)
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Non-Cash Items

Depreciation of non-current assets	4,557	10,573
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Accrued charges	21,000	15,000
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Change in operating assets and liabilities

(Increase)/decrease in trade and other receivables	2,189	16,776
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(Decrease) in trade and other payables	(58,667)	(18,676)
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Net cash outflow from operating activities	(562,606)	(1,528,150)
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23. LOSS PER SHARE**(a) Reconciliation of earnings used in calculating loss per share**

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share

(531,685)	(1,551,823)
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Number of shares

2019	2018
------	------

(b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

475,757,292	269,214,351
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(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2019, all options on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Consolidated

2019	2018
\$	\$

24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Metalsearch Limited, at 30 June 2019. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2019	2018
	\$	\$
Current assets	1,812,095	2,009,593
Non-current assets	1,010,127	557,715
Total assets	2,822,222	2,567,308
Current liabilities	25,122	920,589
Total liabilities	25,122	920,589
Net assets	2,797,100	1,646,719
Issued capital	22,234,213	20,602,837
Foreign Currency Reserve	166,449	166,449
Share-based payments and option reserve	-	1,872,918
Accumulated losses	(19,603,562)	(20,995,485)
Total equity	2,797,100	1,646,719
Loss for the year	(480,996)	(1,577,610)
Total comprehensive loss for the year	(480,996)	(1,577,610)

25. SHARE BASED PAYMENTS**Options issued under Incentive Option Scheme:**

There have been no new grant of options during the year.

The following table is a summary of the movement of options that have been issued under the Incentive Option Scheme.

	2019 number	2018 number	2019 weighted average exercise price	2018 weighted average exercise price
Outstanding at the beginning of the year	600,000	600,000	14 cents	14 cents
Granted during the year	-	-	-	-
Lapsed during the year	(600,000)	-	14 cents	-
Outstanding at the end of the year	-	600,000	-	14 cents
Exercisable at the end of the year	-	-		

All options were issued free of charge and are exercisable on or before 30 September 2018 at an exercise price of \$0.14 each. The options vest on achievement of pre-determined exploration results. The options lapsed during the year. No options expense was charged against operations for the year (2018: nil).

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements, notes and additional disclosures are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2019 and of their performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Robert Downey
Chairman

21 August 2019

ASX ADDITIONAL INFORMATION

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 12 August 2019.

Distribution of holders of equity securities

	Fully paid ordinary shares
1 - 1,000	77
1,001 - 5,000	142
5,001 – 10,000	87
10,001 - 100,000	270
100,000 and over	314
	890
Holding less than a marketable parcel	398

Substantial shareholders

Nil

Twenty largest holders of quoted equity securities

Fully Paid Ordinary Shares

The names of the twenty largest holders of quoted ordinary shares (ASX:MSE) are:

		Number of shares	Percentage of total ordinary shares
1	AHMAD SUFIAN	24,030,000	5.00%
2	LIU BIN	21,584,049	4.49%
3	DDPEVCIC WA PL	17,800,000	3.70%
4	AHMAD BILAL	16,850,000	3.50%
5	SLADE TECHNOLOGIES PL	16,402,297	3.41%
6	GOLDFIRE ENTPS PL	16,105,873	3.35%
7	SOLEQUEST PL	14,359,863	2.99%
8	TT NICHOLLS PL	8,365,333	1.74%
9	RIMOYN PL	8,342,001	1.73%
10	EDMONDSON ROHAN C + F C	7,623,040	1.59%
11	CAPRETTI INV PL	7,136,021	1.48%
12	BAB S/F PL	7,000,000	1.46%
13	MANDEVILLA PL	6,853,333	1.43%
14	BOODEREE INV PL	6,000,000	1.25%
15	NOOKAMKA HLDGS PL	6,000,000	1.25%
16	ESM LTD	6,000,000	1.25%
17	SMAILES SHARON	5,897,102	1.23%
18	FOX LISA	5,333,334	1.11%
19	TROCA ENTPS PL	5,200,000	1.08%
20	BARQUE INV PL	5,017,356	1.04%
		211,899,602	44.08%

ASX ADDITIONAL INFORMATION (CON'T)

Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Home exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Perth. The Company's securities are not quoted on any other stock exchange.

Buy back

Nil.

Restricted securities

There were no securities restricted by the ASX at the date of this report or the year ended 30 June 2019.

Schedule of interest in mining tenements

Location	Tenement	Percentage held/earning
Botswana	PL232/2016	100
Botswana	PL064/2017	100
Botswana	PL065/2017	100

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Metalsearch Limited are responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

ASX Listing Rule 4.10.3 requires listed companies to disclose the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. The Corporate Governance Statement and the Appendix 4G statement have been released to the ASX and can be found on the Company's website at www.metalsearch.com.au